

1944

[Material for a Proposed Campaign Speech]

1562

FDR Speech File

Confidential

October 2, 1944

MEMORANDUM FOR JUDGE ROSENMAN

Here is a draft of the material I promised to send over to you yesterday.

It is over long. If it is desired to concentrate on the issue of jobs after the war, the staff about keeping the peace can, of course, be materially cut.

Don't box

Attachment

These politicians say we were not adequately prepared for war when the Japs attacked us. Of course we were not. But why? Because these very politicians fought, delayed, obstructed and tried to sabotage every single step aimed at preparing and strengthening this country.

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From the Papers of
Samuel I. Rosenman

October 2, 1944

The American people are too intelligent and have too sure an instinct to be fooled by the false statements of some politicians.

The dictators abroad developed the technique of never using a small falsehood, always a big one. This was on the theory that the fantastic nature of the big lie would make it more credible—if only you keep repeating it over and over again.

Well the proof is in the pudding. The shots of some of our politicians have been called. They are repeating over and over again the fantastic falsehoods. Only my dog Falls is immune this week.

These politicians have several new falsehoods now to add to their repetition. They say I said I would not campaign for office in the usual sense. Right. But they make a falsehood by leaving out the next sentence from the acceptance speech (and I quote): "I shall, however, feel free to report to the people the facts about matters of concern to them and especially to correct any misrepresentations."

And what misrepresentations to correct!

These politicians say we were not adequately prepared for war when the Japs attacked us. Of course we were not. But why? Because these very politicians fought, delayed, obstructed and tried to sabotage every single step aimed at preparing and strengthening this country.



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They blindly and irresponsibly endangered the lives of our people and the very existence of our country. Let's look at the indelible record of the Republican vote on only a few of the great measures which they blocked and delayed:

(1) Repeal of the Arms Embargo - A vital step which

was necessary to prevent our present allies from having gone under:

Senate: 8 Republicans for, 15 Republicans opposed.

House : 21 Republicans for, 143 Republicans opposed.

(2) Selective Service - To build an Army:

Senate: 8 Republicans for, 10 Republicans opposed.

House : 52 Republicans for, 112 Republicans opposed.

(3) Lend-Lease - The foundation for our successful fighting partnership with our allies:

Senate: 10 Republicans for, 17 Republicans against.

House: 24 Republicans for, 135 Republicans against.

(4) Extension of Selective Service - To have an adequate

army to meet the dangers ahead of us:

Senate: 7 Republicans for, 13 Republicans opposed.

House: 21 Republicans for, 133 Republicans opposed.



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And this bill--this absolutely vital measure for our security--was passed by only one vote in the House of Representatives several months before Pearl Harbor. The tragic consequences of this blind and bitter opposition and delay should make the 133 Republicans who voted against it bow their heads in humility and shame. It certainly does not lie in the mouths of the Republican leaders of the same mind to create and repeat the big misstatements about preparing the United States for this most terrible of wars.

And here are several more whoppers they have tried to pass off. They try to prove that I did nothing to prepare the country for the dangers ahead of it by tearing out of context a sentence from a speech made in 1937. Just imagine--of all things, it was the quarantining-of-the-aggressors speech. Where were these politicians when I warned the country of the aggressors in 1937? They also say that I said talk about a two-ocean navy was dumb. Of course, I did. Every schoolboy knows there are more than two oceans and more than two seas where our national interests might have been and actually have been vitally at stake since my statement in 1940. Our boys would have been in a fine situation in



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the North African and Italian offensives if we had a navy anchored only to the Atlantic and Pacific and not useable in the Mediterranean. Before this war is over we will doubtless have to fight some major battles in the Indian Ocean and the China Sea. Long before some of these politicians knew anything about navies in modern war we started to build a navy which could serve this country wherever its essential interests required it—not merely on the Atlantic and Pacific.

The American people have had enough of these repetitive and petty misstatements. In these tragic times the great issues should not be befogged by such false dwelling on the past.

Those of us who have sons, husbands, brothers and other kin on the battlefields on land, sea and in the air have had it turned into our souls that there are certain tasks ahead of us which we must face and complete with the same indomitable will, intelligence and devotion which has already led us so far on the road to victory.

We must completely defeat Nazi Germany and the Japanese war lords as quickly and as effectively as possible—and with the least loss of lives. We must leave no stone unturned to see that another war is not visited on our children or our children's children. We must see to it



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that there is full employment and production in the United States after the war so that everyone who is ready, willing and able to work can get a job and enjoy the fruits of his labors in a decent standard of living.

We started this war in a close partnership with brave allies—each of whom has contributed to the full extent of its resources in men and materials for the common cause. We will finish the war—and finish it sooner and with less loss in the lives of our own as well as allied men—by continuing to combine our men, our strategy, our commands, our supplies and all of our other resources. The advance work, thinking and direction which led up to close concert with our friends and allies at Casablanca, Quebec, Teheran and Cairo is now confounding our enemies and is being corroborated every day on the fighting fronts of the world. But we must move on. At Quebec we have laid the plans which will lead to and strike at the heart of Japan, speed up and complete the defeat of Germany and assure that Germany and Japan will not again menace the world.

From the day we were attacked at Pearl Harbor, we have known with clarity for what we are fighting. We are not fighting merely to preserve our self-existence. We are fighting for that, but we also are fighting to extirpate nazism, fascism and militarism and to prevent these or



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similar doctrines of aggression from shedding our blood again.

Our sons, brothers and fathers have not died in vain.

We must continue to struggle and fight to win the peace with the same will and drive which has assured the winning of the war.

In peace, as in war, no organization or machinery can be any better than the deep-felt want and urge of an informed and vigilant people to make it work.

The peace-loving peoples in the travail of this long war have begun to achieve the unbreakable will to peace. They feel--and rightly so--that the machinery and the policies to assure the peace can and must be worked out. We must continue to translate this will to peace into positive and effective action.

The foundation stones to assure the peace have already been laid. We--the United Nations--have already gone far on the long road to peace by working together to win this war. In such unity there is also strength for peace. On the Atlantic, at Moscow, Casablanca, Teheran, Cairo, Atlantic City, Hot Springs, Bretton Woods, at Dumbarton Oaks and at Quebec, we have forged with our peace-loving friends unified policies and procedures on our war and peace aims. We have taken long steps in meeting the problems



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of food and agriculture, relief and rehabilitation, on monetary and financial questions, on education and oil. We know that we must and can effectively enforce the peace against Germany and Japan. We must and can have an effective general organization for security which can act swiftly to prevent any future aggressive wars.

The principles of a workable general organization for peace and security are grounded in the thinking, the traditions and the sound instincts of our peoples.

In modern times total peace must be insured in much the same way that total victory is achieved.

The main end and purpose of the general organization is to maintain peace and security and to aid in the creation, through international cooperation, of those conditions of well-being necessary for peaceful and friendly relations among the nations.

Great and small peace-loving nations must all play their part in securing indivisible and total peace. The maintenance of peace and security must be the combined and joint task of all peace-loving nations--large and small alike. Therefore, the international organization for peace and security must be made up of all such nations.



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Total peace must be founded on justice, order and morality.

The same rules of law and justice must apply to the weak nations as to the strong ones.

Pacific means of resolving disputes between nations must be effectively used. Consultation, conciliation, mediation, arbitration, judicial determination and other like methods rather than war must be the means of adjusting differences between nations.

Aggressive warfare must not only be renounced as an instrument of national policy, but it must be made so clear that it is unprofitable and unwise for any nation thinking of pursuing it that it will not be undertaken. To do this it must be crystal clear not only that the force of informed and civilized public opinion will oppose aggression, but that the force of force will be swiftly and effectively used to prevent such aggressive warfare or to stop it in its early stages.

To achieve this it is not necessary to create a superstate or to divest any of the peace-loving nations of the armed forces necessary for their defense. We have demonstrated beyond a doubt in this war that combined and unified action can be taken--and taken effectively. By joint action, where each nation great and small alike has contributed according



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to its resources and abilities, we have made victory certain without any nation giving up control of its own armed forces in the carrying out of common purposes. We--the United Nations--have discussed and agreed with each other as to when and how we should act in concert for the common cause. On the Russian front, no less than in the skies over Germany, on the battlefields of Eastern France and Germany and Italy, and in the waters of the Pacific, there has been concert of action and combined operations by the peoples of the United Nations without the giving up of their independence. We know that this has met the acid test of war. We must give working life to the same principles for peace.

In the hours of decision that are ahead of us we shall see how our unity of will, command and resources will crush our enemies. It is only by uniting our full strength with the full strength of the other free peoples of the world that we have moved to hasten victory. By maintaining our unity and applying the same energy, patriotism and devotion to the peace as to the war, we will assure a world where mankind can live, work and worship in peace, freedom and security.

Without a strong, vital and forward-looking United States, working in cooperation with the other peace-loving nations, the world cannot have the economic well-being and the strength which is necessary to assure a durable peace.



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To have full employment and full production in the United States, we must face the problems ahead of us with the same boldness, imagination, vision and patriotic drive which we put into preparing for and achieving victory.

We must set targets and objectives which seem incredible and impossible to those who live in and are weighted down by the dead past. When the 50,000 plane program was proposed, I knew, despite the doubting Thomases, that the American people had to and would do the job. I couldn't tell you in manifold detail exactly how they would do it. But I knew that the American people had the ingenuity, venture and drive to do it. They have more than done it. We not only produced 50,000 planes a year. We have produced more than 109,000 a year—many of them the biggest bombers ever built.

Our major objective now must be to produce each year in peacetime at least one hundred and fifty billion dollars worth of useful goods. That objective can and will be achieved.

That will mean that everyone who is ready, willing and able to work will have a job. That will mean that everyone who is ready, willing and able to work will not only have a job, but can earn enough for a decent standard of living. That will mean that there will be wages, not



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unemployment. That will mean that there will be high, not depression, wages. That will mean a free consumers' market where the worker and farmer can exercise a free choice in purchasing from producers more housing, more automobiles, more refrigerators, more medical care, more travel and more fruitful leisure.

The foundations have already been constructed for such an America. Our people have the unbreakable will to do the job. They have the boldness, venture and leadership to do it. We have already taken some of the steps and worked out some of the plans to do the job. They will be presented from time to time for public consideration, discussion and action.

Tonight I want to present a few of the proposals to achieve our objective of full employment and full production. We must, of course, further attack the problems of housing and the rebuilding of our industrial plant with vigor and imagination. We must see that small business has equal opportunities to expand and grow in a real atmosphere of free competition. But we must also explore and harness new frontiers.

There are still many great and new frontiers in front of the people of America.



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We still have geographical frontiers and we still have challenging frontiers of the mind. If we pioneer these new frontiers as we have the old, we will continue to improve the well-being of the people of this country.

We now know how the development of the Tennessee Valley has not only controlled floods and materially increased our power to make war against brutal enemies through the use of electrical energy to produce aluminum and other vital war supplies, but it has also improved the conditions and welfare of all the people in the Tennessee Valley. That has in turn meant improvement in the conditions and welfare of the people of the United States. We also know how great dams like the one at Bonneville have supplied the power to build the thousands of merchant ships that have been so necessary in this war. I have already recommended to Congress the appropriate legislation to develop the Missouri Valley along lines similar to the Tennessee Valley. Previously I had suggested that similar development should be made of the Arkansas River and the Columbia River watersheds.

As we shift from war to peace, these developments will not only make for jobs, but will also result in lasting benefits to the people of this country.



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In the frontiers of the mind there are even greater opportunities. We live in a modern scientific world. We have really only scratched the surface in the civilized developments which can be made for the benefit of the people of this country and the people of the world.

Research and development in the sciences on a scale never before envisioned should be embarked upon for the public good. Our experience in recent years with scientific research and development has more than proved its worth. In June of 1941 your Government established the Office of Scientific Research and Development. It was composed of a relatively small group of the most distinguished scientists in the country, if not in the world. They have worked quietly through the facilities and personnel of the research foundations, private industry, institutions of higher learning, and laboratories throughout the length and breadth of the country. The result has been the greatest scientific development and advancement in a comparable period that the world has ever known. For security reasons much of the story cannot yet be told at this time. But when the full story is told, I am sure that the American people will be proud of it. Although this work was directed mainly to shortening and winning the war, much of it will prove a great boon to mankind when peace returns. Research



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and development for security purposes cannot, of course, be practically separated from research for peacetime purposes. For example, the almost magical principles of radar will doubtlessly have a host of peacetime uses. The products of medical research which has perfected such wonders as penicillin and the great strides in surgery are already coming into general use. More will follow in other fields as the war needs and the need of military secrecy grow less.

Bold and imaginative scientific research and development can be one of the firmest foundations for plentiful and useful jobs. We have but to look at what effect the developments in radio, for example, have had in the creation of jobs as well as in improving our communications and bringing swifter and more adequate knowledge and entertainment to our people. In 1938, there were more than 40,000,000 radio sets in use in the United States. In 1939, for instance, over 10,000,000 radio sets were produced in the United States. In that year, at least 55,000 persons were employed directly in producing them. In addition, of course, thousands upon thousands of additional people were engaged in distributing, financing, shipping and otherwise dealing with them. All new advancements of this type make for fuller employment and otherwise increase benefits to our people.



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We should provide adequate assistance from the Government for the carrying on in this country of scientific research and development to the fullest extent possible. We should appropriate at least a billion dollars annually to be used in every necessary or desirable way, through private and public institutions and foundations, industry and technically qualified individuals, to further our knowledge in the fields of science and technology and to improve the methods and means for translating such knowledge into practical use.

There are also great frontiers ahead of the people of America in the fields of health and education.

We must wage war against the enemies of disease as we have waged war against the Nazis and Japanese.

During the period from Pearl Harbor through September 6, 1944-- nearly three years--our military deaths in the Army, Navy, Marine Corps, and Coast Guard have aggregated more than 89,000 young men. This shocking loss, which would have been greater without the splendid work of the American doctors and research workers in and out of uniform, is not one which we could have avoided. It was forced on us by the powers of evil in Germany and Japan.



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As shocking as the loss of these fine lives is to all of us, there are other agents of death whose toll far exceeds that of war—I mention only a few—cancer, heart disease, tuberculosis, diabetes and pneumonia.

The deaths resulting from these and similar ailments far exceed those resulting from the war. During 1942 alone, we lost more than four times as many American lives from diseases of the heart as we did from war causes in the nearly three years since Pearl Harbor. During 1942 alone, we lost more than twice as many lives from cancer as we did from war causes in the nearly three years since Pearl Harbor.

These enemies of disease are not merely with us at occasional times. They have been and are with us year in and year out. Unlike battle losses forced on us through the wrongful acts of others, there is something we can do about these enemies of the lives and health of our people.

Our medical scientists in public and private institutions and foundations are waging an unceasing struggle to ascertain the causes of these diseases where they are not known and to increase our knowledge of their prevention, control, diagnosis and treatment. Some of this work has met with outstanding success. But more—much more remains to be done.

Lack of funds and facilities are handicapping this vital work—vital to every American citizen and vital to our people for generations



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to come. The best of our doctors and medical scientists should be able to conduct intensive research on a far bolder and larger scale than has ever been conceived before. It is well known that a thousand good men engaged in medical research can produce more than a thousand times the results of one man.

Many of our people die every year because their fatal ailments are not known or attended to soon enough. Better opportunities for effective and speedy diagnosis and better hospital and medical care should be afforded to all the people of America.

We are now spending more than 7 billion dollars per month for the conduct of the war.

We should and must spend in the next year at least 7 billion dollars to attack our enemies of disease. We should start on the road to real victory over them. We should attack these enemies in every effective way and with every effective weapon as we have attacked our enemies on the battlefield. We must plan and execute our strategy and our tactics with the same imagination and vision and drive as we have in the war.

As free men, whose minds are bold, we will create the foundations for a healthful existence for the people of America and the people of the world.



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SERIAL I. ROOSEVELT

We have still a good deal of pioneering to do in the field of education.

We should train the flower of our youth for the arts of peace on an even broader and more imaginative basis than we have trained it for war. We have long had excellent national academies—West Point, Annapolis, and the Coast Guard Academy—for training our young men primarily in the arts of war.

To meet the vast and complex problems of peace and its maintenance, we need to do much more in the training of our young men and women.

A step in the right direction has been made, at the suggestion of your Government, in the educational provisions of the Servicemen's Readjustment Act—more popularly known as the "GI Bill of Rights."

It is of paramount importance that our future leaders and public servants be fully equipped to meet the task of maintaining and developing our country on a sound peacetime basis. There is no more logical group to discharge this heavy responsibility initially than those of our young men and women now in uniform who desire the opportunity for training in such work. They represent the flower of our youth. With a first-hand knowledge of the horrors of war, they can be trusted to carry out the work of insuring peace. Their training will call for instruction in practically every field, according to the talents and desires of the particular individual—public affairs, foreign relations, commerce, industry,



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agriculture and vocational training.

The Servicemen's Readjustment Act makes provision for such instruction. Those of our servicemen and women who have the aptitudes for public affairs and who elect public service as a career will be afforded an opportunity unparalleled in our history to fit themselves for their responsibilities without financial burdens or worries during their training period. The benefit to the nation of such a competent group of public servants cannot be measured.

Many of our young men and women will have seen service abroad, and may elect to enter the foreign service or foreign commerce. Given adequate instruction, together with their practical experience abroad, no finer representatives of America could be found.

There will be those who will wish to return to business, industry or agriculture. They will be afforded the opportunity to prepare themselves for the future through educational and vocational training.

To assist the Administrator of Veterans' Affairs in formulating policy and carrying out his duties under the Act, there should be an over-all committee on education composed of leaders in public affairs, business, commerce, industry, agriculture, science and education, as well



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as representative labor leaders familiar with practical vocational training. Under this general committee there should be specialized subcommittees composed of public-spirited men and women to work out the administrative details of particular programs.

To return to the comparison made at the outset with West Point and Annapolis, very serious thought should be given to the development and establishment of schools for public affairs and foreign affairs. Such institutions would provide a much needed training ground for Government service in the arts of peace. The Servicemen's Readjustment Act goes far to fill this gap for the group now in uniform. Provision should also be made for future generations seeking an opportunity to serve their country in non-military pursuits.

Any American who is ready, willing and able to benefit the country and himself by additional vocational or higher education should have the opportunity to do so even if his parents or he or she cannot afford such education. Though it was fought tooth and nail in its early stages, free grade school education is now one of the accepted foundation stones of our virile democracy. We must now move on to greater educational opportunities for the good of our people and of our country. In this



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way, we can make our already strong democracy even stronger and more adapted to the changing conditions of the modern world.

Bold and imaginative handling of our regional valley areas, scientific research and development, health and education will not only make for useful jobs, but immeasurably improve the welfare of our people. There are also other things we should do to create useful jobs.

Jobs after the war will depend not only on our markets at home but on our markets abroad.

In 1944 exports from the United States will total nearly fifteen billion dollars--more than four times our peacetime trade. Millions of our workers and farmers and a multitude of our industries have been engaged in the production of these exports. Every nation of the world has become familiar with American products it has never known before--and we have seen to it that the goods shipped during the war bear the United States label.

Our allies have needed the products of our factories and of our farms to fight effectively with us in the winning of the war. They will need our products also in the peace for the tremendous task of reconstruction and development ahead. Russia, China, France, our good neighbors in South America, and the other countries of the world will need American goods.



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Our postwar foreign trade can bring vitally needed supplies to the other countries of the world; and at the same time, it can provide jobs and opportunities for business expansion on a scale that can only be matched by our wartime experience.

We can have faith that this market exists and that it can result in millions of jobs. Now, I have heard a great deal recently about the necessity of "having faith" in America and in the future. But the old Bible saying still applies: "Faith without works is dead." A little constructive thought and action won't hurt our faith a bit. As wise old Benjamin Franklin said, "God helps them that help themselves." I propose that we do just that, and combine faith with a little realism. We have a vast number of willing customers for our products. Some of them will need financial assistance to tide them over the difficult reconstruction period and in some cases our own bankers and exporters may not be able to give them the help they need. I believe that this government should assist in the financing of exports to the extent necessary and I think we should be realistic enough to be aware of the fact that financial help will be necessary on a relatively large scale. But we should not indulge ourselves in childlike faith and repeat again the shortsighted Republican policy of the 20's. Their policy encouraged indiscriminate lending for



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purposes that have little relationship to the enhancing of a country's ability to repay its debts. You may remember that some American money found its way into the pockets of playboy sons of foreign dictators and that a great deal of it went to Germany for the rebuilding of their industrial plants. That must not happen again.

The loans we make should be for productive useful purposes of the kind which this administration has always sponsored such as our FHA loans which enable millions of home owners to borrow money on terms that they can repay—low interest over a long enough period of time so that they would not default on their debts. And despite a doubting Thomas I know that the American people favor this type of loan both at home and abroad to the unsound fiscal policy of the Republican kind in the 20's.

From time to time I will suggest additional measures which go to make for full employment and production in the United States. I am certain that we will achieve our aims of full employment and full production. We will have a strong and vital country where our people will insist on and have economic freedom and strength as well as the freedom and strength to speak and worship and not to be afraid of war.



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October 2, 1944

MEMO to Judge Rosenman

From: Robert R. Nathan

Attached is a proposed statement prepared in accordance with our conversation. I regret that I shall not have the opportunity to deliver this in person, but I am leaving for New York before it is being retyped. Will call you on my return in a couple of days.

Bob



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A PROGRAM FOR FULL EMPLOYMENT

Government policies should be designed to insure the maximum employment of our workers by private business. If jobs are to be provided by private employers, there must be a market for the things these employers can produce. Businessmen hire workers only when they believe they can sell their products.

The largest outlet for American goods is the American consumer. We lead the world in the industrial techniques, the managerial skill, and the plant capacity that go with mass production. If this capacity is to be utilized, we must assure mass consumption. In order to provide adequate job opportunities, we must have a much higher standard of living than ever before. That is not an unpleasant thought. Rather, it is something that every American wants.

To have the mass consumption to parallel our mass production, we must be certain that buying power flows adequately and continuously into the hands of the people who want more of the necessities and comforts of life. We must have higher minimum wages -- so that there will be no worker employed at the substandard wages which are necessary only in an economy of scarcity. As productivity increases, higher wages must be provided for all our workers, so that they may share in the abundance that nature and our productive genius make possible. Not only should the peaks of our income be high, the ground we stand on should be solid. That ground should be provided by social security. In the past, a haunting sense of insecurity has pervaded the lives of too many of our people. If the promise of American life is to be realized, this sense of insecurity must be banished. Through social security, an assured income must be provided to every person whose earning power is interfered with through no



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Samuel I. Rosenbaum

fault of his own. Moreover, tax policies must be so designed as not to impose undue burdens on the buying power of those in the lower income categories.

I believe in free enterprise. I believe in private ownership of business, and I believe in giving every reasonable inducement to the owners and managers of business. There must be adequate profit incentives for businessmen to accept the risks inherent in a vigorous competitive society. During the war, we have had to impose heavy tax burdens on business in order to avoid inflation and to equalize the burden of financing the war. These excessive taxes will be reduced in the immediate post-war period so that reasonable profits shall be available to all businessmen. Our interest in providing the opportunity for profits has already been evidenced in the present tax laws which allow businesses to average their incomes over some of the war years and some of the post-war years. Our tax laws must continue to allow businessmen to offset the losses of some years against the profits of others.

We believe in protecting free enterprise from the paralyzing influences of monopolies and cartels through continued vigorous enforcement of the anti-trust laws. If we are to have a democratic, free enterprise system, we must be ever vigilant against the concentration of excessive economic power in the hands of a few employers. Beware of those who give lip-service to free enterprise and competition but also indiscriminately label every anti-trust prosecution a "persecution".

We believe in opportunities for small business. By a vigorous drive against monopoly, by adapting credit institutions to small business needs, and by over-all economic policies designed to



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From the Papers of
Samuel I. Rosenbaum

maintain prosperity, we are confident that we can maintain great opportunities for efficient and enterprising small business in this country.

We want to trade with the rest of the world. We want to help in the relief and rehabilitation of our war-torn Allies. We want to assist the development of non-industrial countries. The more industrialized countries offer larger markets for American goods. If there is world prosperity, there is also better opportunity for the achievement of world peace. The permanent impoverishment of any other nation is not in our best interest in terms of repairing the damage of war, achieving a permanent peace, or facilitating domestic prosperity here in the United States.

Immediately after the cessation of hostilities, we shall have to finance a substantial volume of exports to foreign countries because they will not be able to pay us immediately and in full for their relief and rehabilitation needs. Long term loans will be necessary -- by government or with government guarantees. On the other hand, our program for American foreign trade must also envisage the development of adequate and sound ways in which foreign countries can pay for our goods through increased sales and services to us.

Our program for post-war employment opportunities for all workers in America includes:

1. A tax system that will increase spending on the part of consumers and business. It must be a tax program which does not impose heavy burdens on our low income groups. In peace-time we must have higher exemptions under the individual income tax than we have



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From the Papers of
Samuel I. Rosenman

had during war. We need a tax program which leaves a reasonable profit in the hands of business. It must be a program based primarily on the principle of ability to pay. Excise and sales taxes and excessively low exemptions have no place in such a tax program. Likewise, punitive tax rates on business and on higher income recipients are uneconomic. All our taxes -- Federal, state and local -- must be reappraised in the light of these first principles.

2. Economic security must be made a reality for everyone.

In 12 years of Republican administration, this country fell far behind the social security legislation of other industrial nations. This Administration took the first steps towards a rounded social security program, against bitter Old Guard opposition. It is our purpose to extend our social security greatly in terms of coverage, duration, and adequacy of benefits. A comprehensive program of social security will provide incentives for greater consumption and therefore greater markets and more jobs.

3. We must guard zealously against the paralyzing effects of monopoly. A private enterprise system needs to be really competitive to function efficiently. We believe in the vigorous enforcement of anti-trust legislation and we shall continue to be ever-watchful against uneconomic control by powerful combinations.

4. Foreign markets must be developed for American products.

We believe in the cooperation of American business with foreign business, so as to promote prosperity everywhere. We believe in helping finance exports during the period of readjustment ahead, and we believe in the gradual adjustment of our tariff policies so as to permit America to attain a balanced foreign trade. We look forward to a prosperous America, trading on an unprecedented scale with other nations.



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5. The fundamental rights of the worker must be protected.

The dignity of labor requires freedom for workers to organize and bargain collectively through representatives of their own choosing. This fundamental prerequisite of a free America was fought bitterly by the Republican Party as long as it dared keep up the fight. Now the devil a saint would be. It is no new conviction with us that America needs a strong and healthy labor movement. We favor the raising of minimum wages, and of all wages, as industrial productivity permits. "Forty times forty" is by no means a permanent national objective.

6. There are many hazards against which the farmer must be

protected. The prosperity of the farmer of America depends largely upon the prosperity of the eighty percent of our people who live in the cities. As our general economic program succeeds, so our specifically farm problems will be simplified.

We believe in the supporting of farm prices and in insuring stable and continuous income to the farm population of America. Never has the farmer prospered more than during this Administration. His continued prosperity is essential to a stable and abundant America.

7. We favor private employment over government employment.

We believe that governmental policies such as suggested above can be so developed and administered as to stimulate private business to provide jobs for all our workers. We prefer government policies which will stimulate private employment rather than government jobs.

8. Yet we are determined to provide public jobs for our

people whenever and wherever private industry does not do so. We believe that mass unemployment offers the greatest denial of opportunity to our people and is the greatest threat to the democratic, free enterprise, competitive system. Government spending, public works,



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Samuel I. Rosenthal

and public employment are much less dangerous to our system than mass unemployment.

Therefore we shall have a program of public works -- of worthwhile and useful and valuable projects -- which shall be available at all times when mass unemployment threatens. These projects shall be selected so as to increase the wealth and the welfare of the American people. They will be operated with efficiency and at decent wage levels.

It is my hope and my belief that private enterprise can provide most of the people with jobs. That is our first objective, but we will never again permit the mass unemployment, the mass poverty, the mass loss of respectability, and the mass denial of individual freedom which characterized the last Republican administration.



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From the Papers of

Samuel T. Rosenberg



THE SECRETARY OF COMMERCE
WASHINGTON 25

October 3, 1944

Dear Sam:

The enclosed is probably more than you will want to use, but it is a hurried summation of my thoughts on the subject.

There is no great demand now for industrial loans because the Government is financing most industrial production, but this situation will change with the defeat of Germany.

Few people know the service that has been rendered by the RFC in this field. The fact that it has been here, ready, able and willing to make loans, and making them (more than \$10,000,000,000 not counting war work) has stabilised credit.

Sincerely,

Judge Samuel I. Rosenman
Special Counsel to the President
The White House
Washington, D. C.



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From the Papers of

Samuel I. Rosenman

To Judge Rosen October 3, 1944

To aid our returning soldiers in establishing and reestablishing themselves in business, and to avoid further concentration of industry in a relatively few large units, we must do everything we can to encourage and assist the small businessman. Many of the smaller units in business and industry have lost their places as a result of the war. Many more have been devoting their entire energies to war production, and have lost contact with the normal outlets of their products.

Big business can take care of itself. It can make its plans and arrange its finances by going to the market for its money, and can get it on acceptable terms. Little business cannot sell a 10-year bond, nor can it use current banking loans for capital investments. Therefore, it will be necessary for the government to not only continue to make credit available, especially to little business and on terms appropriate to their needs, but also to expand this type of assistance wherever necessary.

The government must also provide further assistance to little business through research, information on taxation, management and organization experience. The Division of Small Business in the Department of Commerce is now working in this field, and expects to expand these activities.

The G. I. Bill of Rights must be implemented in the spirit of its purposes.

We have learned from experience that the government can make loans to business with little or no net loss — loans that banks often are not justified in making because of, let us say, an unproven risk.



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Samuel I. Rosenman

The Reconstruction Finance Corporation has made more than 21,000 industrial loans in the past few years. 90% of these loans range in amounts from \$1,000 to \$100,000. Such loans are now being authorized for postwar disbursement, as well as for current war purposes.

Smaller War Plants Corporation is also making loans and otherwise assisting small business. The Federal Reserve Banks are authorized to make loans to business and industry for working capital, and our banks have never in their history been so able to meet credit demands.

While government lending agencies should not make loans that banks will make, we cannot allow business of any size to be stifled for lack of credit on fair and reasonable terms, which often means longer time than banks feel that they should make.

A healthy, vigorous little business is necessary to a healthy economy, and we should do everything we can to foster it.



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THE WHITE HOUSE
WASHINGTON

October 3, 1944

MEMORANDUM

TO JUDGE ROSEMAN

These figures have been
checked and are okay.

I.L.



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Samuel I. Rosenman

become skilled in the aviation industry in our factories and airports.

End DRAFT

TO THE CONGRESS OF THE UNITED STATES:

One of the new horizons in postwar civilian life which has been opened up by the scientific advances of the war is aviation.

The development of aviation will be essential to postwar America, first for keeping the peace of the world and, secondly, for the development of a peacetime industry.

The exigencies of warfare have created in the United States the strongest air force in the world, the most productive manufacturing facilities for airplanes, and the largest number of pilots, mechanics and other aviation specialists.

The air strength -- actual and potential -- which we have will enable us to play our cooperative part in maintaining a just and lasting peace for the world. It will also provide the ground work upon which we can build a great American aviation industry in times of peace.

Americans have now become accustomed to the idea of overnight flights to London and 4 day flights to Australia. In the postwar era of transportation, aviation will play an ever-increasingly important role.

It is a fair estimate that at the end of this war we shall have approximately ^{200,000} ~~200,000~~ pilots, fully or partly trained by the Army or Navy, and, in addition, ^{150,000} ~~150,000~~ civilian pilots and students.

There will also be about ²⁴ ~~24~~ million men trained by the armed forces in other essential aviation skills and ^{over 2} ~~another 2~~ million who have become skilled in the aviation industry in our ^{factories} ~~factories~~ and airports.



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In addition, there were during the last school year, approximately 250,000 students enrolled in 14,000 of the nation's high schools acquiring the theoretical ground knowledge needed to qualify for pilot certificates. It is not unreasonable to anticipate a similar number during the coming school year. Of course, not all of these will actually learn to fly, and even those who do learn may not in the immediate future own their own airplanes.

There will be many thousands of planes suitable for conversion to commercial or individual use after the war.

The mere recital of these figures is enough to indicate the all-important place which the aviation industry is bound to occupy in postwar America. This is a good time to lay plans for an expanded aviation industry -- not only commercial air transportation, but also the private ownership and use of airplanes.

The most obvious immediate contribution which government can make towards this objective is to provide for the aviation industry something analogous to the vast highway system which has been provided for automobiles and automobile owners throughout the United States. That means the development of a system of airports which would make it practicable for any individual owning or renting a plane to fly to almost any desired destination. There can be no substantial aviation industry without a sufficient number of serviceable airports, as there would be no automobile industry without highways.



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I need not point out the other advantages which would follow from such an airport program. The construction of airports throughout the United States would be a great help in meeting the problems of transition from war to peace. Directly and immediately, it would provide vast employment possibilities in actual construction. Beyond that however, by increasing the use of the airplane, it would stimulate the demand for even additional airplanes and airplane ^{production} factories. Every airport would mean employment for more and more young people who had received aviation training during wartime. [It also would help business and industries by adding air transportation to existing railroad or truck transportation to more and more cities and centers of population.]

It is obvious also that every airport which we build in the interest of civil aviation will become an additional asset in our system of national defense. Strength of this kind should be warning enough to aggressors who might again seek to break the peace. Airports will also serve to build up our greatest reserve of future air power -- civilian and military -- young pilots who will learn to fly on these local airports, and mechanics and aviation specialists who will learn to keep the airplanes in the air.

Those who have devoted much time and study to civil aviation have advanced the proposal that airports should be constructed in a Federal-State partnership on the same basis used to criss-cross the nation with our excellent paved highway system. This seems to me to



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be a most highly satisfactory approach, for it will bring the Federal and State Governments into a working partnership in a mutually advantageous project.

The Civil Aeronautics Administration, at the request of the Congress, is now preparing a report on our airport needs. This, I am confident, will provide a reliable yardstick for determining the number of airports which will be required to create the basis for a sound national system capable of further development and expansion as required by future aviation growth. To the present ²⁹⁴¹~~2,000~~ civil airports of this nation, the CAA estimates that some ^{3,050}~~2,000~~ should be added. Concurrently ^{1,625} of the existing airports should be improved to function more adequately.

The estimated cost of such a basic construction and improvement program, exclusive of land and buildings, is ¹~~1~~ \$1,021,567,945. I should think that a Federal expenditure of ¹~~1~~ \$100,000,000 per year, matched by the states, would be an appropriate goal because that would complete the program in approximately five years.

When the report of the CAA is completed the details will be available. However, I do not think it is necessary to wait until completion of the report to start laying the foundations. I think the time is now appropriate and I recommend that the Congress give consideration to the necessary enabling legislation and to the authorization of funds to permit this program to begin as soon as possible.

* * * * *



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Samuel I. Rosenman



THE SECRETARY OF COMMERCE
WASHINGTON 25

October 2, 1944

Dear Sam:

I enclose memorandum from Bill
Burden on the question of the future of
airports.

Sincerely,

Honorable Samuel I. Rosenman
The White House
Washington, D. C.



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From the papers of

Samuel I. Rosenman



Jesse Jones, Secretary of Commerce

September 29, 1944

William A. W. Burden, Assistant Secretary of Commerce

Mention of CAA Airport Program by the President in a Forthcoming Speech.

During the week of August 26, Sam Rosenman called my office to inquire about our Airport Program with the idea of making some mention of it in a speech which the President was going to make. I was out of town and he was referred to Mr. Stanton who explained the program to Judge Rosenman. Attached hereto is a proposed statement for the President to make. It is an improved version of the one previously supplied to Judge Rosenman by Mr. Stanton.

Since then we have heard nothing about it. I think the matter is sufficiently important for the President to mention and hope that you can induce him to do so.

Our airport Program is one of the few Government public works program for which plans have been made and which we can put into operation fairly shortly after the war. As you know, the Government has been criticized for not having these plans prepared and it seems to me that we might as well get credit for what has been done in the airport field.

W. A. W. B.

Attachment

WAWB:mf

cc-Mr. Wright



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Samuel I. Rosenman

October 2, 1944

The vital role of aviation—American aviation—in this war clearly demonstrates the necessity of keeping America strong in the air. Such air strength as we must have to play our part in maintaining just and lasting peace cannot be expressed solely in numbers of combat and transport aircraft with their trained crews ready for action in our peacetime armed forces. These are but the spear points of air power. Back of them must be production and research facilities, and a host of young men experienced in the air and in the associated occupations necessary to keep pilots and planes flying.

In order to obtain this widespread and continued civil experience, we must expand our airport systems and particularly the smaller airports so that it will be practicable to fly to almost any destination. This is basic to air-plane utility and is the most constructive step that the Federal, State, and Local Governments can take together in order to preserve a healthy and progressive aviation industry.

By thus increasing the utility of the airplanes, both in transport service and for private flying, the hundreds of thousands of war time pilots, the two million men trained by the armed services in other essential aviation skills, and the additional two million men and women producing aircraft in our factories will have an increased opportunity to put their interest in aviation to practical use.

The provision of better planes for civilian use is primarily the responsibility of industry, but the best of planes need places to land. Only by a multiplicity of airports can travel by air become so convenient that it will be widely used for business and pleasure by a substantial proportion of the millions of people exposed to aviation during the war, including the hundreds of thousands of children taking pre-flight courses in the schools of the country. Unless this happens, and it cannot come about without many more conveniently located airports, aviation will not develop to the point where it is a major segment of the country's economy and sources of employment.



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Such an airport program meets the requirements of the type of public works projects, designed to help solve the problems of our forthcoming transition from war to peace. It provides direct and immediate employment in its construction phase. But of far greater importance to the country, every functioning airport, large and small, presents opportunities to our returning soldiers to establish small businesses of their own and gain employment in work they like--work basically important to air power. Further, it facilitates the extension of air transportation to more population centers with consequent aid to local business.

Any airports built to assist the development of civil aviation will become additions to our system of national defense. This is true not only in the sense that some may serve as bases for our military air forces, but even more to the extent that they will strengthen what must be our greatest reserves of future air power--pilots who will learn to fly on the local airports, and the mechanics and aviation specialists in business at the airports who will keep the planes in the air.

The Civil Aeronautics Administration at the request of Congress has prepared a report on our airport needs. This, I am confident, will provide a reliable yardstick for determining the number, size and location of airports which will be required to create the basis for a sound national system capable of further development and expansion as required by future aviation growth. To the present 3,000 civil airports of this nation, the C.A.A. estimates that some 3,000 should be added. Concurrently some 1,600 of the existing airports should be improved to function adequately. The estimated cost of such a basic program exclusive of land and buildings, is \$1,021,567,945.

I hope that both the Congress and the State legislatures will promptly work out the enabling legislation to permit this necessary program to play its appropriate part in our period of postwar transition.



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no comment
(see all records)

SOCIAL SECURITY BOARD
WASHINGTON

ARTHUR J. ALTMAYER, CHAIRMAN
ELLEN S. WOODWARD
GEORGE C. BRACE

September 6, 1944

Judge Samuel Rosenman
The White House
Washington, D. C.

Dear Judge:

As requested by you last week, I am enclosing some suggested speech material on social security. I am also enclosing a page dealing with the Republican platform pledge regarding labor legislation and a page quoting from the President's annual message to Congress in January 1943, which you may recall created considerable comment and to which he may wish to refer.

I appreciate your remembering social security. If there is anything further you want, please let me know.

Sincerely yours,


Chairman



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Samuel I. Rosenman

Albany

[One of the most urgent tasks of the incoming Democratic Administration will be the extension, expansion and improvement of the Social Security Act which the Democratic Party placed upon the statute books in 1935 and which already has meant so much in the lives of millions of our citizens.

We have no time to lose in making our Social Security Act a more perfect instrument for the abolition of want throughout the length and breadth of this country. A sound system of social security requires careful consideration and preparation. Social security, worthy of the name, is not a dole or a birthday present or a device for giving everybody something for nothing. True social security must consist of rights which are earned rights, guaranteed by the law of the land. Only that kind of social security is worthy of the men and women who are now fighting to preserve the heritage and the future of America.]

Under our present Social Security Act we are already providing some protection against loss of income due to unemployment, old age, and premature death. But we are not providing any protection against the cost of ill health and permanent disability, which, in normal times, is the greatest cause of poverty and want. We should, of course, provide protection against the wage loss involved. But that is even more important, we must also make certain that adequate medical and hospital care is brought within the reach of every man, woman, and child in this country. We hear it said repeatedly that this country has the lowest death rate in the world. That ought to be so but, unfortunately, it is far from being the fact. Actually millions of our citizens are



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Samuel I. Rosenman

suffering needlessly and many are dying needlessly because of the lack of medical and hospital care.

We can and we must solve this problem. In order to do so we need to do two things. We must establish hospitals, health-centers, and other health facilities wherever needed, through the cooperation of the Federal, State, and local governments with medical, hospital, and nursing agencies. We must also make it possible for everybody to receive all the medical and hospital care they need, regardless of the cost in the individual case. This can be accomplished by the government making certain that all the people in this country have an opportunity to purchase insurance while they are well which will protect them against medical costs when they are sick. And when I say that, I want to make it perfectly clear that I am not talking about what some people call socialized medicine. What I am talking about is a system to spread the cost of medical and hospital care, not a new system of medical practice. It is not only possible but desirable that any system of paying for this cost in advance shall preserve free choice of doctor and hospital.

Farmers, small businessmen, professional workers, and self-employed persons generally, as well as millions of other workers, are still excluded from all social insurance protection. Moreover, experience has demonstrated conclusively that we must improve our present system of unemployment insurance. Congress recognized in 1935 that unemployment insurance was a national responsibility when it imposed a 3 per cent Federal tax under a law which is called the Federal Unemployment Tax Act. It is clearly a continuing national responsibility



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to make certain that the nation-wide unemployment insurance system which has come into existence as a result of this Federal law is made adequate to serve as an effective first line of defense against unemployment.]

Our goal for social security should be a system of contributory social insurance which would protect the workers of this country and their families against all the major economic hazards which beset them. Such a system would mean, in effect, that the citizens of this country could purchase through their government an insurance policy to provide a basic protection extending literally from the cradle to the grave. But because the protection thus afforded through government action would be only a minimum, every citizen would have a greater opportunity and a greater incentive to improve the well-being of himself and his family through individual savings, private insurance and home ownership. This has already been happening under our present old-age and survivors insurance system. That is why the life insurance companies of this country have been among the strongest supporters of that system.]

It goes without saying that all of the benefits of this contributory social insurance system should be extended to the members of our fighting forces. We should, of course, preserve for them the benefit rights they acquired prior to entering the service. We should also credit them with the same increase in these benefit rights that they would have received for working in a regularly insured occupation. This is the least we should do for them.]



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I was delighted to note the statement in the Republican Platform that "The Republican Party accepts the purposes of the National Labor Relations Act, the Wage and Hour Act, the Social Security Act and all other Federal statutes designed to promote and protect the welfare of American working men and women, and we promise a fair and just administration of these laws."

I think it was perfectly lovely of them to accept these accomplishments of a democratic administration so gracefully, albeit somewhat tardily. It is comforting to know that our opponents finally do accept the inevitable. I am inclined to believe that they will also finally accept future laws that will be placed upon the statute books by the Democratic Party to promote and protect the welfare of American men and women—and I am absolutely convinced that they would dearly love to have the opportunity to take over the administration of these laws, with what results I shall leave to your imagination.

In my annual message to the Congress in January 1943, I said:

"When you talk with our young men and women, you will find that with the opportunity for employment they want assurance against the evils of all major economic hazards — assurance that will extend from the cradle to the grave. This great Government can and must provide this assurance.

"I have been told that this is no time to speak of a better America after the war. I am told it is a grave error on my part.

"I dissent.

"If the security of the individual citizen, or the family, should become a subject of national debate, the country knows where I stand."

I repeat that pledge today.



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From the Papers of

Samuel I. Rosenman

FROM THE DESK OF
RICHARD V. GILBERT
ECONOMIC ADVISOR TO THE ADMINISTRATION
OFFICE OF PRICE ADMINISTRATION

P.O. No. 1
Room 4324

Telephone 7100
Extension 5202

Judge Rosenman:

I hope you can make use
of some of this. More will
follow.

1-17206



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From the Papers of

General I. Rosenman

FROM THE DESK OF
RICHARD V. GILBERT
ECONOMIC ADVISOR TO THE ADMINISTRATOR
OFFICE OF PRICE ADMINISTRATION

P.O. No. 1
Room 4124

Regville 7508
Extension 5508

September 16, 1944

Judge Rosenman:

Balance of material.

1-53285



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Samuel I. Rosenman

This is September, late September. In less than seven weeks there'll be an election. The American people will go to the polls and elect Congressmen and Senators and Governors, and a President. I wish I could join fully in the political discussions of these coming weeks, for there is nothing I like better than the give and take of a political campaign. You know I can take it. And you know I can dish it out, too. But all over the globe events are moving very swiftly and during the next six weeks I shall be kept pretty busy. I shall not be able to allow myself more than four, or perhaps five, addresses before election.

In these few talks, however, I think it will be possible to say all I need to say. For after all, I have been in public life ^{for} some time. The American people know pretty well what I stand for. They know what I have said, and they know what I have done. They know what I can be counted on to say, and to do, in the future. It is only necessary, therefore, to make clear what I conceive to be the major issues that confront the Nation in this election and to make clear just where I stand on those issues. I can do that in four or five speeches and find the time as well to correct a misrepresentation or two of the wilder sort that always creep into a campaign.



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On this matter of where I stand, it seems to me is a curious thing that after all these years there are still some people who don't know what to expect of me, who are at this very minute biting their nails and wondering what "that old fox" ("that man") has up his sleeve now, what he's going to say to Labor this time.

I haven't anything up my sleeve. You know that. What I have to say tonight won't be new. I long ago set my course. I long ago decided where I stood and which way I faced. And these decisions were never kept secret from anyone. You know, everybody knows, what I am for and what I am against. That is why, I think, you who are members of this great union have asked me to speak to you and through you to all labor. And that is why I am glad to be here. We've come a long way together.

Now an election year is a time of easy promises and new-found friends. Candidates go up and down the land saying "We love the farmers. O, how we love the farmers! We love small business. My, how we love small business! And we love labor. How we do love labor!"

Now, I suppose that there is nothing easier, in an election year anyway, than to say "We love labor." It's only three words, they have a pleasant sound, and some people

(A)



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count on labor's memory being so short that they won't be embarrassed after election. But, oddly enough, the very candidates who find it most easy — and most necessary — to say "We love labor" find it quite impossible to stop there. They ^{dislike} ~~always~~ say "We love labor, but . . ."

And those "buts" are endless.

"But labor leaders are a bunch of racketeers and communists."

"But labor has no business mixing in politics."

"But labor is so valuable that it should be able to stop new production"

"But unions fly in the face of supply and demand."

You can't raise wages artificially."

"But social gains will just have to be shelved during the war."

"But time and a half for overtime is uneconomic and un-American."

"But after the war labor will have to cooperate and take some wage cuts."

"But, but, but . . ." But why should I go on? You have heard the refrain often enough.

Words come easily, but they don't change the record. The members of this audience, I am sure, are old enough to remember the record ^{the} record since 1933, and the record before 1933. You are old enough to recall the "yellow dog" contract, the labor spy, the unlimited work week at sweatshop wages, ^{the little dogs and cats working on the side and the stores and services} You know what it meant to organize a shop in those



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days. You are old enough to remember the long hard fight before social security and the right of collective bargaining were written into the statutes. And you are old enough to remember what things were like for labor in 1932, how the entire country was flat on its back. And you remember the long hard road, with its gains and its setbacks, which we have traveled together since.

Now there are some of our junior citizens, of course, who do not remember that far back, and some who, though they do remember, find it convenient to forget. But the record isn't to be washed away that easily. What was said and what was done — all are part of the record. I think you and I are pretty well agreed on what that record adds up to. I think we understand each other.

Much has happened in the four years since I last talked to you. In September 1940 we had just awakened to the peril in which we stood. The overnight occupation of Denmark and Norway and the blitzkrieg which had swept through the Low Countries and brought France to her knees had done what I had been unable to do — had opened the eyes of the country to the dangers that surrounded us. Our great defense program was just getting under way.

If I recall correctly, even then there were some, however, who thought I was seeing ghosts under the bed. There were some who went so far as to call the national defense



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program a gigantic WPA project, an especially foxy WPA project, which I had asked for more with an eye on November than on the tragic and ominous events in Europe. Fortunately, these views were few and ineffectual. The Nation, once aroused, was not to be swerved from its course.

How vastly different is our situation today. Where four years ago there were only the beginnings of defense, today we stand in towering strength, poised to strike the final blow which will forever smash the German war machine and the German will to war. Today in the Pacific we come ever closer to the final showdown with the Empire of Japan, the showdown which will forever eliminate that menace to our peace and security and the peace and security of all the world.

This has been a mighty achievement, won by a mighty national effort. And just as no contribution to that effort has been greater than labor's, so no one has a greater right than labor to take pride in that achievement. Your sons and your brothers are among the millions who have gone forth from American homes to man the guns and tanks and ships and planes that are bringing destruction to the enemy. And yours are the hands that built these tools of war and that sped them to the far-flung battle lines.

I know that there are a few small, mean-spirited, caviling men who have belittled labor's mighty contribution and have magnified out of all proportion the occasional flareups



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which labor has had, like everyone else working under great strain. To these the swift developments of the last few months provide the answer. Never have we placed such forces in the field. Never have armies been so completely, so powerfully equipped. Some here at home may choose to overlook this, but I don't think the men at the front will overlook it. They know that it takes men to get production from blast furnaces and assembly lines, just as it takes men to win battles with tanks and guns.

We stand today in sight of victory. We have moved on from the end of the beginning to the beginning of the end. But let no one forget the price that is still to be paid, the suffering and heartache that are still to be borne, before victory is finally ours. To speed the day of victory remains our first task, our foremost task, our supremely critical task. Until we have reached the end of the furrow, let no man take his hand from the plow.

There is another task, however, a task second only to that of winning the war which now claims our attention. It is the task of preparing for the peace that is to come.

The task of preparing for the peace falls into two parts. There is the task we share with all the other United Nations, the task of setting up international machinery to assure that the peace, once established, will not again be shattered. And there is the task which we face here at home,



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the task of reconverting our economy from the purposes of war to the purposes of peace.

We faced these twin tasks once before, nearly a generation ago. We faced them and we botched them -- both of them. That must not happen this time. [If I have anything to do with it, it won't happen this time.]

After the last war we turned our back on the world organization for the preservation of the peace, the League of Nations. We chose to rely, [not on machinery specifically designed to keep the peace, but] instead on the vain delusion that, if only we minded our own business, we could remain at peace ^{no matter what} whatever happened elsewhere in the world. The second world war has taught us our lesson. [Everyone has learned it and the issue fortunately stands above politics. Today the Nation is united in its determination that this time peace shall be made secure.] This time we are not leaving it to chance. This time we are setting up machinery specifically designed to keep the peace and we are now laying the foundations for it even before the war is over.

After the last war we pursued the same policy on the home front. We left things to chance. We chose to believe that a war economy could become a peace economy simply by canceling war contracts, shutting down Government bureaus, and letting nature take its course. [The result was a wild inflation which in 18 months after the Armistice did as much damage as was]

(B)

before the war is over.

the lesson this lesson is - that it cannot be done that way



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for 18 months. It was

done in the four years of war. And this was inevitably followed by a paralyzing collapse. [in which] millions of workers lost their jobs, hundreds of thousands of farmers lost their farms, and bankruptcies spread among businessmen like a prairie fire.

[It seems to me that the lesson on this score is just as clear as the lesson on the other, the lesson that we can't leave prosperity and jobs to chance any more than we can leave peace to chance. [But unfortunately not everyone has learned this lesson. There still are people who think that reconversion, with good jobs at good wages for our returning fighting men and for our war workers, good prices for our farmers, and good profits for our businessmen, large and small, that all these are just a matter of having faith that everything will work out all right.

B

In the light of the collapse after the last war, when the problems of post-war adjustment were as nothing compared to those we face this time, anyone who is willing to rely on faith to see us through is not just an optimist, he simply isn't very bright. Is he?

Machinery is needed to assure and protect prosperity and jobs at home, just as it is needed to assure and protect peace abroad. I propose that machinery be provided in the one case as it will be in the other.]

Fortunately, we do not begin from scratch. Much has been done. Much more is under way.



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already been done. Much more is under way. [We have the machinery that has effectively prevented inflation during the war. We shall use that machinery to prevent inflation after the war is won. There won't be any post-war skyrocketing of the cost of living this time.

But, while remaining on guard against the perils of inflation, we must not neglect the fact that in the reconversion period there will be strong deflationary forces to contend with as well. And we have not neglected this fact. Government machinery has been set up to deal with these dangers too. We shall not be found unprepared.]

On the farm front, guarantees have been provided that farm prices will be supported for a period of two years following the cessation of hostilities. On the basis of this guarantee, never before provided, the farmer knows that he will not again be called upon to face the tragedy of price collapse and foreclosure. This means not only protection of farmers' incomes and of their standard of living. It means that farm families can continue to buy the products of the factory. And that means jobs in the factories to produce these goods. Good farm prices mean good city jobs. Never forget that.

On the wage front comparable guarantees have not yet been provided. They must be provided. They will be provided. They must be provided not only to prevent a collapse of workers'



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incomes and their standard of living, such as we had after the last war -- though that is reason enough. But they must be provided also to maintain the buying power without which neither farm nor factory can find a market for its products.

As I see it, a threefold program is called for, dealing with wages, with unemployment compensation, and with jobs.

Wages

First, we must rule out wage cutting after the war.

Unless we do so we simply cannot have a prosperous economy. For wage cutting does not create jobs -- it destroys them. When men earn less they spend less and markets shrink and jobs evaporate. Let me say again, therefore, wage cutting must be ruled out. In the organized industries and trades, unless I am very much mistaken, the unions will see to that. It is in the unorganized industries and the partially organized industries that the danger lies. Government must stand ready to protect those who cannot protect themselves. Authority to provide this protection is embodied in the Stabilization Act. I propose to exercise it -- in full.

Second, we are faced with the fact that when overtime disappears, as it will when the war ends and as it should, weekly take-home wages will fall sharply, in many cases by more than one-quarter. They will fall both because men will be working fewer hours and because of the loss of overtime premiums. Workers'



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families will have less to spend. While a return to greater leisure will be doubly welcome after the strain of wartime, these cuts in weekly wages will create problems for the family budget. It is essential that these cuts be no greater than is absolutely necessary. Much can be done to hold up weekly wages.

9 For one thing, basic wage rates can be increased, effective upon restoration of the normal work week, to offset the loss of overtime premiums and to maintain average hourly earnings. For example, in an industry whose work-week has been increased to 48 hours, full-time pay is on a 52-hour basis, time-and-a-half being paid for the 8 hours of overtime. In this case, average earnings per hour are $8\frac{1}{3}$ percent above the straight-time rate. Here, therefore, to prevent a reduction in average hourly earnings, an increase of $8\frac{1}{3}$ percent in basic wage rates is necessary when overtime disappears. This can be done and it should be done, for it entails no increase in labor costs; it simply prevents a decrease. Since prices are already fully adjusted to current wage costs, these wage increases will not mean price increases.

In spite of the increase in basic wage rates to offset the loss of overtime premium payments, weekly earnings will still be cut one-sixth due to the reduction in the number of hours worked. This too must be prevented so far as is practicable. I have instructed the War Labor Board and the Office of Economic Stabilization, in all cases that are brought before the Board, to consider the capacity of the industry to absorb increases going beyond those I have just mentioned, and to take steps to stabilize



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the level of weekly earnings so far as this can be done without forcing an increase of prices.

In spite of the gains which labor has made during war-time, there are still large numbers of workers who are earning wages below levels of decency, let alone comfort. During the war, with its strains and pressures, it has not been possible to correct this situation as fully as we should have liked. Once the war is over, we must not only face this problem, but move promptly to provide adequate remedies for it. Specifically, wage increases at the low end of the income scale to bring wages up to decency should be provided even though they require price increases. A price that is based on a sweatshop wage is a sweatshop price. The one cannot be defended any more than the other.

These measures which I have proposed will prevent any collapse of wages such as occurred after the last war. By maintaining purchasing power they will sustain the markets for the output of factory and farm and thus create jobs to replace those which will disappear with the end of the war. But we cannot stop with these measures. During the period when our factories are retooling, a substantial number of men and women, 4 to 5 million, will necessarily be laid off. We must be prepared to deal with this reconversion unemployment. This brings me to the second part of the program which we must have.



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Unemployment Compensation

Our present State systems of unemployment compensation are wholly inadequate to meet the problem. In our war effort we have called upon workers of the entire Nation to get into essential war production. This they have done. In every war production center today there are workers from every State in the Union. They are there because that is where the Nation has needed them most. When the war is over, when war production is cut back and these workers return to their homes, it would be unjust in the extreme if, having worked side by side during the war, they did not receive the same protection, whatever the State of their residence, during the period of reconversion unemployment. But our State systems of unemployment compensation does not provide anything like uniformity of treatment, either as to the amount of the benefit or as to their duration. This must be remedied.

Second, the coverage of the State systems is inadequate. Not only are important groups of workers excluded — farm and domestic workers and Government employees — but almost 3 million men and women are excluded because they work in small establishments. I can see no justification in denying the protection of unemployment insurance to any of our people. If it is right for some, it is right for all.

Third, the benefits provided for in the State systems are still geared to the wage levels and to the cost of living



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which prevailed before the war. Even if they were adequate then, these benefits are clearly inadequate now. Unless they are increased, they must work great hardship and at the same time operate to pull wages back toward their pre-war levels.

Fourth, unemployment benefits generally take no account of the number of dependents in any family. This is wrong in principle. The need of a worker with dependents is greater than the need of the worker without dependents.

The Congress has considered these problems and made important advances toward their solution. The George bill, which I recently signed, does not, however, go far enough and I have asked that the Congress reconsider its decision. The broadening of unemployment compensation until it provides adequate protection to all is urgent, not only to prevent hardship and injustice, but also as an essential element in our broad program to sustain the levels of national income and production and employment. Adequate unemployment compensation is needed by the Nation no less than by the workers directly affected.

Employment

I think all reasonable people will agree that as we enter the reconversion period, machinery is needed to protect wages and to provide compensation for the unemployment that must be expected. But important as this machinery is, and important as is its contribution to sustaining incomes and



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production and employment, we must be prepared to take still further action if it proves necessary. For the heart of our problem will be jobs, productive jobs, good jobs. High wages mean nothing to a man who doesn't earn them. And unemployment compensation is only a cushion against lack of a job, it is no substitute for a job itself.

Our first, our most important concern is that there shall be jobs for all who want them. While there will always be some men looking for jobs, there must be an equal number of jobs looking for men, so that for any worker unemployment is temporary, lasting only until he locates the job opportunity that is waiting for him. That is what we mean by full employment, and that is what our goal must be.

Now we simply must recognize that in the past and throughout our history and the history of every other industrial nation, periods of high employment have been followed by periods of unemployment. Periods of prosperity have been followed by periods of depression. Unless we do something to change this pattern, this is what we must expect in the future. We must expect it not only during the period of retooling, we must expect it when reconversion is complete.

There are few who come out boldly and say that permanent unemployment is necessary to our free enterprise



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system, but there are some. Discipline, they say, is greatly improved when men wait before the factory gate, hat in hand, to learn whether there is a job today. Unions are much easier to deal with when there are five workers to every four jobs. While, as I say, there are few who would say this boldly, there are many who think it.

The issue of employment is as important as the issue of the peace and its preservation. On this issue too men must stand up and be counted. And it is not enough to say we would like to see jobs for all who want them. Pious hopes and protestations of good will won't do. The issue is whether we are willing to take whatever steps are necessary to see that the jobs are always there to be had. I for one am willing to take those steps.

Once retooling has taken place, I am hopeful that the men who are laid off when war production is cut back will find jobs producing the thousands of items that have been out of production since Pearl Harbor, building the houses that we so sorely need, and expanding our exports to a world that is hungry for our goods and equipment. I am hopeful that employment in all these lines will expand rapidly and that the Nation will experience only a brief and moderate dip of employment.

Hopeful, though I am, however, I am not willing, and I do not believe the Nation is willing, to enter the uncertain



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period ahead armed only with hopes. We must be prepared with programs for public works, for housing and slum clearance; for the construction, modernization, and relocation of highways; for the construction of schools and hospitals and the extension of medical service; for rural electrification; for all the host of good things which we as a people need and which we have denied ourselves during the war because of the greater needs of our armed forces and our Allies.

We must be prepared to use these programs to supplement the jobs provided by industry if that should prove necessary. We need not have unemployment. There is no excuse for unemployment. And by the wise and bold use of these programs we can prevent unemployment. I propose to prevent it.

Let no one say that we cannot afford to prevent unemployment. I say that it is unemployment we cannot afford. In the weeks ahead, unless I am very much mistaken, there will be a fog of argument on this point. To cut through this fog, let me give you a simple proposition: This Nation cannot be richer by producing less, and it cannot be poorer by producing more. The welfare of the Nation cannot be impaired by providing men with opportunity for productive work, and it cannot be enhanced by denying them that opportunity.

And let no one believe that this means the end of our free enterprise system. I say that free enterprise cannot



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survive another great depression such as our policies after the last war made inevitable. What I propose is not that the Government weaken the system of free enterprise but that it strengthen it, strengthen it by keeping it operating at full blast at all times. What I propose is that the Government rule out depression, which in the past has not only periodically meant unemployment and bankruptcies, privation and despair, but the fear of which has poisoned the very years of prosperity themselves.

For, mark you, in the years of prosperity management has always been held back by the fear of coming depression. Management has had to be cautious when it might have been bold. Investment plans, plans for expansion, that might have provided jobs and sustained the national income have been shelved because of the fear that markets would dry up, that sooner or later collapse must come. Once the fear of collapse is removed, once management is assured a sustained market for all that industry can produce, no one can say how many more jobs industry will provide than it has ever provided in peacetime. The knowledge that the Government stands ready to support the national income, through prompt and adequate expansion of its own programs whenever necessary, will provide this assurance, will release industry's full job-making potential.

Never before in our history has the promise of America been richer than it is today. During the war we have vastly increased our productive capacity, which even before the war was the



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greatest the world has ever seen. When we have fully harnessed this vast productive capacity to the pursuits of peace, the American people can enjoy a standard of living double that we knew before the war. And that will be only the beginning. For we stand only at the threshold of science and technology. If we manage our affairs so as to take full advantage of what science and technology have to offer, there is no limit to what this Nation can achieve.

This, then, is the promise of America. I propose that we fulfill that promise, that we fulfill it by facing up to our economic problems -- as we did not face up to them after the last war -- and this time providing the machinery for their solution. This time we must not leave things to chance. This time we must reject the counsel of those who are willing to face the future armed only with faith that somehow or other what has happened to us before will not happen to us again.

I yield to no man in my faith in America, but mine is a faith not in an inexorable law of supply and demand, not in the blind forces of the market. Mine is a faith in the people of America and in the capacity of the people to meet and master every difficulty, faith that they can build a life with opportunity, with freedom, with security, and with justice for all.



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FROM THE DESK OF
RICHARD V. GILBERT
ECONOMIC ADVISOR TO THE ADMINISTRATION
OFFICE OF PRICE ADMINISTRATION

P.O. B. No. 1
Room 4124

Republic 7500
Extension 5591

Judge Rosenman

Better late than never! I hope
you can use some of this. You will
see that it builds directly on the
economic bill of rights as set forth
in the State of the Union Message last
January.

RVG

October 4, 1944

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STATE OF UNION ADDRESS

1944

1. Reconversion

- (a) Risk to be covered by Government: General economic drop or depression.
- (b) Government to finance that reconversion which private individuals, firms or banks cannot finance.
- (c) Government also to aid states, municipalities and localities by financing in cases where private individuals, firms or banks cannot finance long-term projects.
- (d) Financing of reconversion of private industry:
 - (1) Partial financing of blueprints and specifications. Repayment of Federal advances over long-term period if plans are used.
 - (2) Partial financing of physical conversion and repayment over long-time period if venture is profitable. ^{farm}
- (e) Financing of Governmental projects:
 - (1) Partial financing of plans.
 - (2) Financing of projects and repayment over long-term period
- (f) Tax assistance:
 - (1) Private expenditures for capital changes to be amortised over short-term period.
- (g) Demobilization or severance pay for war workers:
 - (1) Migration problems.
- (h) Farm and agricultural policy: The Government will buy everything the farmers produce and what which they can't sell.



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2. Domestic Reconstruction

- (a) Central fund with Council to administer
- (b) Railroads
 - (1) Use of present railroad stock for foreign reconstruction and agreement by railroads to replace.
 - (2) Allowance of increased depreciation and replacement reserves.
- (c) Shipping:
 - (1) Passenger ships: Federal assistance to build up passenger fleet where private individuals, firms and banks cannot finance. Repayment over long period when profitable.
 - (2) Merchant Ships and Combined Merchant and Passenger Ships: For domestic operation and foreign operation with Federal assistance where other financing not available. Repayment over long-term period.
- (d) Aviation - Financing Research.
- (e) Military and Naval - Financing of Research and preparedness construction.
- (f) Industrial Plants and Installations.
 - (1) Long-term financial assistance repayable out of earnings.
 - (2) Tax exemption for new enterprises for one or two years.
- (g) Stockpiles of strategic materials.
- (h) Housing.
- (i) Hospitals: Partial financing by Federal Government.
- (j) Public Projects:
 - (1) Producing ones: Power plants, etc.



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(k) Schools, Bridges, etc.

3. Domestic Tax and Fiscal Policy

(a) Tax benefits for full production.

4. Armed Services

(a) Program before Congress.

5. Health Insurance, Etc.

6. Foreign Reconstruction and Trade

(a) 10 to 15 billion program of long-term credits for reconstruction and trade with private industry, trade and banking cannot finance.



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last in trade

DEPARTMENT OF STATE

THE SECRETARY

October 19, 1944

MEMORANDUM FOR JUDGE ROSEMAN

Attached are two memoranda on the subject of your inquiry yesterday afternoon relating to the reciprocal trade-agreements program.

It may be mentioned that in the "New York Herald-Tribune" of June 30 the account of Dewey's press conference did not contain the part on the trade-agreements program which did appear in the "New York Times".

CW

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From the Papers of
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Office Memorandum • UNITED STATES GOVERNMENT

TO : S - Mr. Brown
FROM : ECA - Mr. Haley
SUBJECT:

DATE: October 19, 1944

In accordance with your request for verification of the statement that some Republicans claim to have "invented" the reciprocal trade-agreements program, reference is made to the account of Mr. Dewey's first press conference after his nomination for the Presidency. The following is a quotation from the New York Times of June 30, 1944:

"He [Mr. Dewey] was asked whether he approved Secretary Hull's reciprocal trade agreements program.

'You mean the Republican reciprocal trade agreement program which Secretary Hull has been carrying out,' said the Governor. 'That has always been a Republican policy, which Secretary Hull has carried out ably, and which I hope the Republicans will continue to carry out.'"

B. F. Haley
B. F. Haley

ECA:BFH:MMc



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S - Mr. Brown
EOA - Mr. Haley

October 19, 1944

In accordance with your request for verification of the statement that some Republicans claim to have "invented" the reciprocal trade-agreements program, reference is made to the account of Mr. Dewey's first press conference after his nomination for the Presidency. The following is a quotation from the New York Times of June 30, 1944:

"He [Mr. Dewey] was asked whether he approved Secretary Hull's reciprocal trade agreements program.

"You mean the Republican reciprocal trade agreement program which Secretary Hull has been carrying out," said the Governor. "That has always been a Republican policy, which Secretary Hull has carried out ably, and which I hope the Republicans will continue to carry out."

B. F. Haley

EOA:BPH:MMc



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1. Text of Republican Platform for 1944:

"If the post-war world is to be properly organized, a great extension of world trade will be necessary to repair the wastes of war and build an enduring peace. The Republican party, always remembering that its primary obligation, which must be fulfilled, is to our own workers, our own farmers and our own industry, pledges that it will join with others in leadership in every cooperative effort to remove unnecessary and destructive barriers to international trade. We will always bear in mind that the domestic market is America's greatest market and that tariffs which protect it against foreign competition should be modified only by reciprocal bilateral trade agreements approved by Congress."

2. Press interview given by Governor Dewey in Chicago on June 29, 1944, the day after he had accepted the nomination for President, and reported in New York Times for June 30, 1944.

"In response to a question on the foreign trade plank of the platform, the Governor said:

"The foreign-trade plank is very much like some other platform planks. It is the product of the minds of several hundred people with conflicting views, who went into a conference room to try and work it out. Each man was a free agent, this was a completely unbossed convention and inevitably under such a situation we came out with a plank longer than I would have liked and one which, at first glance, may seem open to dual interpretation."

"My interpretation of the plank is that its essence is in the part which says that the United States will participate with and work with other nations to promote international trade in the interest of peace."

"He was asked whether he approved Secretary Hull's reciprocal trade agreements program."

"You



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"You mean the Republican reciprocal trade agreement program which Secretary Hull has been carrying out," said the Governor. "That has always been a Republican policy, which Secretary Hull has carried out ably, and which I hope the Republicans will continue to carry out."

3. Editorial in New York Times for October 16, 1944 announcing its support of President Roosevelt states in part:

"What does the Republican party propose to do about the tariff?"

"It proposes to destroy Mr. Hull's multi-lateral trade-agreement plan, the most constructive experiment in tariff reform undertaken by this country in a generation. It proposes to replace this plan with a series of bilateral agreements. And it proposes to make even this narrow and inadequate program wholly self-defeating by requiring specific Congressional approval of every change that is ever made in any tariff item. The confusion of Republican thought on this issue is further emphasized by the fact that Mr. Dewey himself seemed at first to think that his party had endorsed, instead of scuttled, the Hull trade plan. More recently he has left the tariff issue severely alone."



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WIDE PAIN, N. Y.

From the Papers of

Samuel I. Rosenman



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KING PARK, N. Y.

From the Papers of
Samuel I. Rosenman

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WIDE VIEW, N. Y.

From the Papers of

Samuel I. Rosenberg

October 18, 1944

MEMORANDUM

To: Judge S. I. Rosenman
From: Oscar Cox
Subject: Reconstruction and Foreign Trade

Here are several pages on this subject which
you might consider for use in the October 21st talk.

Oscar Cox

will need our products also in the peace for the tremendous task of



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From the Papers of
Samuel I. Rosenman

RECONSTRUCTION AND FOREIGN TRADE

Our foreign policy, particularly with reference to reconstruction and foreign trade, is materially affected by our domestic policy—and our domestic policy may in turn be materially affected by our foreign policy.

A strong and prosperous America with as full production and full employment as possible is the one of the surest foundation stones for a healthy international trade. The more we produce in the United States, the more goods we buy from other countries. And to sell our goods abroad we must buy goods abroad.

A high level of international trade will make for more jobs and fuller production in the United States after the war.

In 1944 exports from the United States will total nearly fifteen billion dollars—more than four times our peacetime trade. Millions of our workers, farmers and miners and a multitude of our industries have been engaged in the production of these exports. Every nation of the world has become familiar with American products it has never known before—and we have seen to it that the goods shipped during the war bear the United States label.

Our allies have needed the products of our factories, farms and our mines to fight effectively with us in the winning of the war. They will need our products also in the peace for the tremendous task of



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WIDE PLATE, 8-1

From the Papers of

Samuel I. Rosenman

repairing the devastation and destruction of the war and to develop their resources. Russia, China, France, our good neighbors in South America, and the other countries of the world will have a pressing need for American goods.

Our postwar foreign trade can bring vitally needed supplies to the other countries of the world. At the same time, it can provide jobs and opportunities for business expansion on a scale that can only be matched by our wartime experience.

We can have faith that this market exists and that it can result in millions of jobs. Now, I have heard a great deal recently about the necessity of "having faith" in America and in the future. But the old Bible saying still applies: "Faith without works is dead." A little constructive thought and action won't hurt our faith a bit. As wise old Benjamin Franklin said, "God helps them that help themselves." I propose that we do just that, and combine faith with works. We have a vast number of willing customers for our products who over a period of time can pay for our goods. Some of them will need financial assistance to tide them over the difficult reconstruction period and in some cases our own bankers and exporters may not be able to give them the help they need. I believe that this government should assist in the financing of exports to



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From the Papers of

Samuel I. Rosenman

the extent necessary, and I think we should be realistic enough to be aware of the fact that financial help will be necessary on a relatively large scale. But we should not indulge ourselves in childlike faith and repeat again the shortsighted Republican policy of the 20's. Their policy encouraged indiscriminate lending for purposes that have little relationship to the enhancing of a country's ability to repay its debts. You may remember that some American money found its way into the pockets of playboy sons of foreign dictators and that a great deal of it went to Germany for the rebuilding of their industrial plants. That must not happen again.

The loans we make should be for productive useful purposes of the kind which this administration has always sponsored such as our FHA loans which enable millions of home owners to borrow money on terms that they can repay--low interest over a long enough period of time so that they would not default on their debts. And despite a doubting Thomas I know that the American people favor this type of loan both at home and abroad to the unsound fiscal policy of the Republican kind in the 20's.



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8101 PAPER, N. Y.

From the Papers of

Samuel I. Rosenman

THE WHITE HOUSE
WASHINGTON

September 4, 1944

MEMORANDUM FOR JUDGE S.I. ROSENMAN

Dear Sam:

I think you had better keep
this in the speech material.

I wish you would attach this
note to it because I do not agree
with the policy that Hinrichs, who,
incidentally, is a very able man,
implies in relation to wages,
particularly in regard to ~~overhead~~
rates and the minimum wage, which
I feel very strongly must be in-
creased.

I am all for the return of
collective bargaining after the war.

Sincerely yours,

[Signature]
HARRY L. HOPKINS

encl.



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1000 PARK, N. Y.

From the Papers of

Samuel I. Rosenman

Confidential

August 24, 1944

MEMORANDUM

To: The Secretary
From: A. F. Harichs
Re: Post-War Wage Policy

In formulating post-war wage policy it must be recalled that wages are (1) a factor in production costs and also (2) the largest single source of consumer buying power. Production labor costs are determined primarily by the rate per hour and the productivity of labor; consumer buying power, by the rate per hour, the average number of hours worked per individual, the aggregate number of people employed and the relationship between the level of wage rates and of prices.

The basic objective of post-war wage policy should be to maintain consumer purchasing power at sufficiently high levels to remove from the market the large volume of goods that would result from full employment without so raising costs as to cause employers to raise prices or lay off workers.

Inasmuch as the relationship between wages and buying power are fairly well understood, the balance of this memorandum deals with the complex problems of wages as related to production costs.

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Samuel I. Rosenman

Costs and Wages

Dangers of Attempting to
Reduce Costs by Cutting Wages

With respect to costs it must be recalled that the productivity of labor is normally pitched at a high level in American factories and can only be maintained with a fairly well satisfied working force. The will to produce is so important an element of labor cost that instances can be cited in which labor costs have gone down when wages were raised and many cases can be found in which labor costs have gone up when wages were reduced.

It is safe to say that a reduction of wage rates always results in some lowering of the will to produce and therefore is only partially effective as a device for lowering costs. In the post-war period in particular it will be dangerous to rely on wage cuts as a device to lower labor costs. We expect that hours of work will be reduced from 48 to 40. Gross weekly earnings will thus be reduced about 23 percent. This will cause a strong demand for corresponding wage rate increases to offset the shortened work-week. To attempt under those conditions to reduce wage rates will almost certainly cause great labor unrest and might easily result in a loss of efficiency greater than any possible reduction of rates.



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From the Papers of
SAMUEL I. ROSENTHAL

Productivity and Labor Costs

In the post-war period we should rely as far as possible upon increases of productivity to reduce labor costs. During the war there has been little opportunity to buy improved equipment, except for munitions production, and even maintenance has been at less than normal levels in some cases. Normally there is a 2 or 3 percent increase in productivity each year. Today in civilian goods industries productivity is little if any higher than it was in 1940. We can count on a rapid increase in productivity shortly after the end of the war (though perhaps not in the first year) that will make up for this lag, but this will require new equipment. Part of our post-war wage policy therefore should be a concern with making producers' goods available as rapidly as possible, and especially in industries with high labor costs, even, if necessary, at the expense of supplies of consumers' goods.



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From the Papers of
Samuel I. Rosenman

Selective Wage and Price Adjustments

In the post-war period neither wages nor prices should be rigidly frozen. We must give greater consideration than has been necessary during the war to prices and wages which are out of line. Some should advance; others, decline. In fact a stable general level of prices (i.e., a condition in which a wholesale or retail price index changes very little) ordinarily means precisely that: that some prices are rising and others are falling. There is reason to believe that prices and wages are sufficiently well related to one another, so that no large inflation or deflation of price or wage levels is necessary.

Whether prices and wages continue to be reasonably well related to one another depends among other things upon certain pending decisions. For example, if steel wages are advanced this fall, other increases will also have to be made. It would require six months to a year for this wave of increases to run its course. If, however, at any time before that the war should end, we would be left with an unstable wage structure. Stability might then be sought either by increasing wages which had not been adjusted or decreasing those that had recently advanced. Confusion would result because of uncertainty as to which course was likely to be dictated by economic circumstances.

Dangers of Immediate Wage Increases

In general it may be said that wages should not advance sharply and generally in the first year after hostilities cease. Labor costs in many industries are high today and are pressing against prices. The immediate effects of reconversion, involving low-capacity operations at first and reassembling a working force, are likely to result in high labor costs.



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This does not mean that there is not need for extraordinary measures to help workers meet the strain of reduced weekly income in this period. In general it will be wiser to relieve the strain by relieving workers of war-time deductions and by reducing prices (thus increasing the buying power of the dollar) than by increasing rates.

Price Reductions and Control of Profits

In this connection it will be especially necessary to hold profits to relatively low levels during the period in which one wishes to continue a fairly high degree of stability in the wage structure. Where large profits exist (measured either before or after taxes), there will be intense pressure for wage increases. Generally price reductions -- which benefit everybody and increase the purchasing power of a given number of dollars -- will be more desirable in these situations than wage increases. (The effect of a wage increase would be likely to be a stimulation of demand for wage increases in other industries or establishments where the profit situation would not sustain a wage increase.)

Need for Continued Price Control

Continued control of living costs will be an imperative complement to a program of continued stability of wages. Further increases of living costs would certainly add to the pressure for wage increases. In this connection rises due to short supply -- that would only result in large profits -- should be completely barred. Careful consideration should be given to the tying of



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decontrol and to the amount of permitted increases for living essentials. This is true even where there is obvious economic need for increases, as in the case of rents. Where decontrol will not increase supply (as perhaps in the rent for old houses) a strong case can be made for continued control during the first twelve months or so after the cessation of hostilities during which we should avoid general inflation or deflation of wage rates.

A problem will arise where existing ceiling prices are too low to permit profitable operation with existing labor costs. In such cases, to maintain employment and current production it will be necessary to raise prices or reduce wages. It may be wise in these cases to distinguish two sets of conditions: cases where the product is directly competitive with substitute products available at relatively low prices and those in which direct substitution is more difficult; cases where wages are relatively low and those in which they are relatively high and have been driven up under war-time conditions more than wages generally. Where wages are relatively low and there is little danger of direct substitution, it will probably be wise to allow prices to advance rather than to reduce wage rates, even though the effect of such adjustments might be a small increase in the average or general level of prices.

The whole problem of wages and the prices of reconversion goods needs to be carefully studied. There will be cases in which manufacturers have switched to war production and have taken on a wage scale that is far higher than has been incurred by their peacetime competitors. It cannot be assumed that current scales can continue



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after reconversion. Actually wage rates in many of these cases need to be established in advance of reconversion in order that the manufacturer may know how to price his goods or even whether he can get back into competitive production with his former products.

Bonds and Taxes as Related to Wage Pressures

The pressure for wage increases in order to produce the same pay for 40 hours of work as for 48 hours would be relieved to some extent by promptly terminating popular bond deductions from payrolls and by any relief from taxes on the lower income groups that is practicable.

Removal of Wage Disparities

It will be necessary to permit many wage increases to remove inequities that have developed during the war. There have been many occupations in which wage rates have not advanced as much as living costs; Federal government employment is an outstanding example, but there are cases even in manufacturing industries, as for example the printing trades. Presumably therefore wage policy should permit at the earliest possible date free collective bargaining to establish rates higher than could be fixed under Little Steel; indeed, Little Steel may be more appropriately thought of as a floor under wages than as a ceiling.

End of Wage Ceilings

The public machinery needed for the administration of wage policy in the post-war period will be quite different than that which we have had during the war. In general the pressures of the labor market will tend to reduce wages rather than raise them. We shall



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General I. Rosenman

- 2 -

not need to think of controlling the price of labor because it is scarce, as we shall have to control the price of many commodities until they are in full production. Voluntary agreements to raise wages could be permitted. But whereas during the war we have had voluntary agreements entered into at the tax payers' expense -- in cost-plus contracts and where excess profits are large -- in the post-war period we shall have disputes.



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8101 PARK, N. Y.

From the papers of
Samuel I. Rosenbaum

September 4, 1944

MEMORANDUM FOR JUDGE S.I. ROSENMAN

Dear Sam:

I think you had better keep this in the speech material.

I wish you would attach this note to it because I do not agree with the policy that Hinrichs, who, incidentally, is a very able man, implies in relation to wages, particularly in regard to labor rates and the minimum wage, which I feel very strongly must be increased.

I am all for the return of collective bargaining after the war.

Sincerely yours,

HARRY L. HOPKINS

encl.

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WOOD PARK, N. Y.

From the Papers of

Samuel I. Rosenman

OFFICE OF PRICE ADMINISTRATION
WASHINGTON 25, D. C.

CHESTER BOWLES
ADMINISTRATOR

October 2, 1944

Personal and Confidential

The Honorable
Samuel Rosenman
The White House
Washington, D. C.

Dear Sam:

I am enclosing the suggested material on full employment for the President's speech. Also, a copy of the farm program which I outlined in Des Moines last April, and a booklet which we have prepared in graphic form to show farmers the extent to which they have prospered during the war years.

The material on full production contains, it seems to me, a highly dramatic idea the guarantee of relatively full production and full employment after the war. Economically, there is no reason why this guarantee cannot be given, and politically it should carry a tremendous wallop to the 130,000,000 people here at home, plus our 11,000,000 servicemen who are thoroughly frightened and alarmed over the possibility of a post-war depression. It should also provide an answer to the claim that the Administration, in an economic sense, is defeatist.

Dewey has played around with the full production theme. But he has not dared to meet the issue head on by explaining how it can be accomplished, much less by guaranteeing the result. If the President moved ahead, as I have suggested, I have a feeling that he would establish such a strong position on the post-war domestic front that Dewey from that point on would be certainly on the defensive as far as that all important issue is concerned.

I am sure that you can improve the wording of the attached statement. In it, however, I have tried to hold out a little something for everybody. I have stated, for instance, that corporation taxes will be reduced and that every inducement will be held out for business men to risk their money. Actually, if this is not done, the Federal Government might well become too great.

It seems to me, Sam, that if the President is going to tackle this, it should be the sole subject for one of his speeches



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and not tacked onto anything else. It might become the subject of a single speech, tied to our old "Economic Bill of Rights." This material on investments, in other words, could be used to explain the method through which the promised outlined in the "Economic Bill of Rights" would be carried out.

It seems to me that such a speech would not only be highly productive for votes on election day, but that it would also put us in a strong position with Congress after election (provided, of course, that we win out). If the President has outlined such a proposal to the country before election, he can well say to Congress that it represents his charter from the people, and that Congress is duty bound to give him the legislation necessary to put it into effect.

I think the little farm booklet will interest you and it might also give the President a quick means of familiarizing himself with the wartime record of our farmers. The higher prices which farmers have received have not been reflected to the consumer in anything approaching a comparable degree, because such a high proportion of the increases have been absorbed at the wholesale and retail level.

Actually, the average of individual retail food prices is today lower than it was fifteen months ago. Anyone can prove this to his own satisfaction by getting out a chain store advertisement of May 1943 and comparing the prices with those advertised for the same items by the same chain store today. Several such comparative price advertisements have been run by chain store organizations throughout the country, and I believe they have been most effective in demonstrating to the public the extent to which the cost of living has been held.

My best regards.

Sincerely,

Cliff Bales
Chester Bowles
Administrator

Enclosure



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Samuel I. Rosenman

PROPOSED SPEECH MATERIAL FOR THE
PRESIDENT'S SPEECH ON OCTOBER 5th

This country must determine right now that it will never again accept another economic depression. We must determine right now that we will never again tolerate poverty, malnutrition, inadequate health and the despair that comes from sustained unemployment.

During the war period we have freed all our national energies and resources to produce arms with which to defeat our enemies. The output of American farms and factories has amazed the civilized world. It has given us a rightful sense of pride in our ability to create, to build, to plan and to produce.

Today, with very few exceptions, every American who is able to work can find a job and at good wages. Every farmer can find a market for his products at good prices. Every business man has an opportunity to sell his goods at a profit.

As we have produced during war time to defeat our enemies in the Pacific and in Europe, we must also produce when peace comes to eliminate poverty and insecurity in our own land. Our returning soldiers and sailors will rightly insist upon this. The workers in our factories will insist on it. Our farmers will insist on it. Our business men will insist on it. We as a vigorous civilized nation can accept no other alternative.

Many people in and out of public life have spoken about increased peacetime production and increased employment after the war. But mere talk is not enough. We must provide legislation which will definitely and finally remove the specter of sustained unemployment from this country - legislation which will establish a solid ground of security and hope



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under every man, woman and child in the country.

This legislation should specifically accept the fact that the major role in our economy must be played by competitive free enterprise. But it must also recognize the complexities of our modern industrial system, and the fact that these complexities call for solid planning and close cooperation between business, labor and farmers, all working closely with their government.

Investment is the life blood of our American economic system. When public and private investment falls below the danger point we suffer from a disease which might be called "economic anemia." Slowly at first and then at an increasing tempo, purchasing power dries up, factories begin to close, our workers are faced with unemployment and our farmers with falling prices.

In spite of its vital importance to the health of our economy, investment in the past has too often been carried out on a haphazard basis. To a large extent the health of our entire economy and the livelihood of every one of us has rested on the periodic whims of our investors - both public and private alike.

In certain years, when the economic climate seemed mild and reasonable, investors have rushed to the marketplaces to turn their funds into new products, machinery and improvements. In other periods, our investors would sniff the economic air, find it momentarily uninviting and leave their money stagnant while factories folded and jobs diminished.

The first essential of our postwar full production economy must be in the careful coordination and programming of all our investments, both private and public, plus a guarantee backed by all the power and prestige



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SAMUEL I. ROSENTHAL

of the Federal Government that the total amount spent in any given year will not be allowed to fall below the danger point.

In our free enterprise economy, the largest proportion of our total annual investment will always, of course, come from private funds. For this reason, the Federal Government must go to every reasonable limit to encourage business men to risk their capital in job-creating, profit-producing competitive investments.

I will strongly recommend to Congress the adoption of a tax program which will encourage the investment of private risk capital to the maximum possible extent. This program will call for the elimination, as rapidly as practical, of most of our wartime excise taxes. These taxes were designed to discourage public and private spending in a period of inflationary danger. When these dangers subside our tax program must be reversed. The several billion dollars now represented in these excise taxes should then be left in the pockets of the general public to add to the funds with which we will buy our postwar radios, washing machines, and new automobiles.

Our reconversion tax program should also include the elimination of excess profits taxes when the circumstances warrant it, and the lowering of corporation taxes to the greatest possible degree.

Through these steps we will encourage business men to risk their money in constructive enterprise with an opportunity for profit. We will help to maintain the necessary level of all investment. We will help to provide abundant jobs and lasting prosperity.



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The second major source of investment funds lies in our municipalities and state governments. Each year our cities, towns and states spend many billions of dollars in investments for the construction of schools, hospitals, roads, bridges, and other forms of job making construction work.

The third major source of investment funds is from the Federal Government itself. We are all familiar with the great public benefits of such undertakings as the Tennessee Valley Authority and the Shasta and Grand Coulee Dams. Recently I sent to Congress a recommendation for a project on the Missouri River and its tributaries which would harness its powers for the good of all the citizens of six important states.

In addition, Federal investment funds will always be needed to assist in slum clearance projects, for public buildings, and to raise our educational and health standards in some of the less fortunate sections of the country.

In the past years from all these sources of investment - private, municipal, state and Federal - have come contributions of varying sizes. The decisions on the size and timing of these investments in any given year has been left largely to chance and to individual convictions and needs of the moment. The wide fluctuations of our business cycle has been a direct and often devastating result.

If a Democratic Administration is elected in November, I shall propose to Congress that our total of all national investments be carefully planned, coordinated and maintained at the necessary high levels year in and year out. In this way alone can we fulfill the promise of a prosperous postwar America, with full production and full employment in our factories and on our farms.



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Samuel I. Rosenman

I will propose to Congress that a survey be made at six months intervals to determine the exact amount of job producing investment which has been planned by private individuals, private corporations, municipalities, States and Federal Agencies. With the encouragement of private risk capital and with the present backlog of State and municipal public works programs, it may well be that in most years the total of our national investments can be maintained at the necessary levels by the addition of only a moderate expenditure for Federal public works. In such years the national budget can not only be kept in balance but reduced.

However - and here is the basic essential of this full production job-producing program - under no circumstances must the total of all investment be allowed to sag below the danger point. When for any reason such a sag occurs, the Federal Government must guarantee the difference - guarantee it beyond all question through productive investment in projects which will enrich us all as citizens - but which at the same time will not encroach on the fields normally assigned to private capital.

If this program is followed automatically and vigorously after the war, the drying up of the life blood of our investment total will be stopped before it becomes a menace to employment and prosperity. By controlling and maintaining the total of all our investment, by carefully checking each six months to know exactly where we stand, we can maintain jobs for everyone - good jobs and good wages - year in and year out. We can maintain full production and full employment.

Our business men will find in such a program the assurance of ready



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markets for their goods with a high level of purchasing power waiting to absorb their products.

One of the cruellest risks to which business men have been subjected in the past will be eliminated. Every business man will know that his personal success in the future depends solely on his ability to turn out a good product at a good price. He will know that no longer can he be forced into bankruptcy by sudden business depressions which in the past have swept under the capable business man along with the ineffective. Under these circumstances he can proceed with confidence to risk his own money with an opportunity for substantial profit.

The farmer will find in this program a guarantee of sustained markets for his farm products at good prices. And as every farmer knows the only sure road to a permanently prosperous farm economy lies in the high national purchasing power that comes from good wages, full employment and profitable industries in our cities.

Our industrial workers will find in this economic program of plenty a guarantee of good jobs at good wages. No longer will the spectacle of unemployment haunt our Detroits, our Pittsburghs and our Clevelands.

If we maintain a high level of production, with good wages to our workers and good prices to our farmers, unemployment will take care of itself. As technological improvements are continually advanced we can see our working hours gradually reduced with more leisure for all of us to enjoy our families and friends and our hobbies.

To our returning soldiers and sailors this full production program gives a promise that the war has not been fought in vain. That a solid economic future lies ahead for every member of our armed forces and his family and for every other citizen as well.



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From the Papers of
SAMUEL I. ROOSEVELT

In brief, the kind of economic America which I visualize after the war will contain these two basic elements. First a minimum level of guaranteed security for all of us. Jobs for all who are able to work. Social security for our older people. Unemployment insurance for the relatively brief periods of transition between jobs.

This guaranteed minimum standard of security will provide adequate medical care, adequate nutritional care, adequate educational standards, for all of our citizens at all times under all conditions.

The second element in my vision of our future lies in an unlimited opportunity for each individual to rise freely above the minimum level of security to whatever heights his own ability and energy will take him. The freedom for each of our citizens to create, to build, and to enjoy - whether his major interest lies in farming, in working in the shop, in operating his own business, or in public life.

A guaranteed level of individual security plus unlimited opportunity for every citizen - economic, social and political. That is the goal that we must set our sights for. In our postwar America we can accept no alternative.

If the Democratic Party is returned to power on November 7th with a full vote of confidence from the people, I believe I can assure you that America has seen her last great depression.

Chester Bowles
October 2, 1944



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From the Papers of
SUNDEE I. ROSENTHAL

Address by CHESTER BOWLES, OPA Administrator, sponsored by the Des Moines Chamber of Commerce and the OPA District Agricultural Committee at the Ft. Des Moines Hotel, at 12:00 noon, Friday, June 2, 1944.

OFFICE OF PRICE ADMINISTRATION

"AS OUR FARMERS FACE THE CHALLENGE OF PEACE"

As the prospects of victory grow brighter, people all over the country are thinking more and more of the conditions and problems which we will face after the war. Whether it be the dairyman in my own state of Connecticut, or the Texas cattleman, the Seattle shipyard worker, or the small businessman of New York City, they all ask the same questions. Will there be work and prosperity when the guns are silenced, when the soldiers return home? What do we need to do to maintain the same level of prosperity and peace as we have had during these tense years of war?

As Price Administrator I hear as much of this questioning as anyone and possibly from a wider variety of sources. For the simple reason that our economy runs on a system of prices, a man in my job has a unique opportunity to learn at first hand what men and women of every economic group — whether on the farm or in the factory or in the home — are thinking, what they are hoping for, what they fear, and what plans they are making for the future.

What I have to say today about the challenge of peace, has in considerable degree, been shaped by my experience in office. It represents, however, purely my own personal views. I offer them in full realization that they are only gropings toward an answer, not the final answer itself. This is too vast and strange a field for any man or any group accurately to call the turn.

No one asks questions about the future with greater anxiety than the farmers and the businessmen like yourselves whose prosperity is so directly identified with the prosperity of our farms. This anxiety is easy to understand. In the past, the farmers have taken a beating at the end of every war.

They took a beating after the Revolutionary War, after the War of 1812, after the Civil War, and after the last war. The beating they took after the last war is still so fresh in all of our minds that there is little need to dig up the statistics about the crash of farm prices and farm income which took place in 1920 and 1921, or to retell the story of the terrible toll of foreclosures and country-bank failures which followed the collapse of farm prices. We know only too well that the post-war farm collapse in the early Twenties left its mark on our farmers for nearly a generation.

Of course, other groups have suffered during the post-war depressions. But their suffering has never proved quite as prolonged as that inflicted upon our farmers. It was for this reason that farsighted farm leaders and the leaders of public policy have sought from the outset of this war to direct the war program so as to minimize, as far as possible, the dangers our farmers will face when the war is finally won.

If you study the Congressional debates in the summer of 1941 prior to the passage



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of the Emergency Price Control Act, you will see that one of the most important objectives of that legislation was to prevent post war collapse. To be sure, the immediate purposes of wartime stabilization are to avoid skyrocketing prices and rents which would impose cruel suffering on most of our people, to protect the value of our savings and our insurance, and to secure some semblance of equality of sacrifice for the war effort. But looking beyond the war, the stabilization program was designed to prevent the ruinous deflation or collapse of prices which has in the past inevitably followed every price inflation.

Because the farmer takes such a beating in periods of deflation — since he produces raw materials and since he is never able to control his production as easily as the industrialist — the Congress and the executive agencies of the Government have rightly felt that the steps taken to maintain a stable economy during the war represent an enormous contribution toward meeting the farmer's postwar problems.

In the Economic Stabilization Act of October 1942, our Government took a further step to help insure postwar farm prosperity. It pledged itself to support prices of many crops at 90 percent of parity for two years after the end of the war. This, it seems to me, was an act of great wisdom and far-reaching importance. But I think you will agree that these measures by themselves — the wartime control of inflation and the commitment to hold up farm prices after the war — are not enough to solve our postwar farm problems. They have made the solution possible, but the actual solution still remains to be achieved.

If we had allowed farm prices and industrial prices to go through the roof, our economic structure would be headed for catastrophe after the Armistice — a catastrophe that would pull down our farmers, our industrial workers, and our businessmen alike into general ruin. If we had allowed prices to go through the roof, our postwar task would have been to pick up the maimed and the mangled parts of our economy and somehow to piece them together again. But having stabilized our economy, we can today lay the plans to maintain the prosperity of both industry and agriculture with real hope of success.

American farmers have, as a group, today attained an unprecedented level of prosperity. I do not mean that every farmer in every part of the country has achieved this prosperity. And I am acutely aware that our farmers during the 1920's and 1930's were indeed a forgotten element in our entire economy.

During the 1920's our industrial workers, for the most part, had fairly regular employment at reasonably good wages. Most of our businessmen were making good profits. But the prosperity that came to our farmers was meager at best, and millions of them still operated under hardship conditions.

During the crash of the early 1930's all groups of our economy suffered greatly. But just consider what happened to the farmer. In 1932, here in Iowa, you will remember how hogs sold at the heartbreaking price of \$2.40 and corn dropped to 12 cents. For the country as a whole the farm price of milk was \$1.11. Eggs sold at 10 cents a dozen. Cotton brought less than 5 cents a pound.

When the crisis was at its peak, certain moves were finally taken by the Government to rescue the farmer from complete disaster. These moves broke the back of the depression and started the farmers on the road to recovery. But the fact remains that in spite of all that was done, farm prices and farm incomes were still pitifully low in 1939. Let us not forget that in spite of everything that had been done, three-fourths of our farms in 1939 still lacked electricity. More than four-fifths still lacked running water. Adequate medical care was still lacking in many farm communities.



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It was the war and only the war that brought the farmer real prosperity, the first real prosperity since the last war. Gross farm income today stands at an all-time high of almost twenty billion dollars a year. This represents an increase of 128 percent over 1939. Per farm income has risen even more sharply. In 1943, it totalled 12.8 billion dollars or 182 percent above 1939.

Now how has that prosperity been achieved? You will agree that we must know the answer to that question if we are to sustain real farm prosperity when the war is over. Part of the answer lies in the fact that farm prices have been brought back into balance with the prices of things that farmers buy. Part of the answer is that farm prices have been raised in relation to farm costs. But what was it that made these things possible?

The real answer lies in the almost unlimited demands of our Nation at war -- demands which are backed by purchasing power which is today at all-time record levels. Today farmers are producing for the immense requirements of the armed forces and of Lend-Lease. And they are producing for the demand of more than 10 million city breadwinners who were unemployed or worked part time in 1939, but who are working full time and overtime today -- and working for good wages. There, it seems to me, lies the heart of our story. It is the prosperity in our cities that is the key to prosperity on the farms.

This simple but solid fact should dispose once and for all the false propaganda which has sought to persuade our farmers that they have a conflict of interest with labor and industry. This propaganda of dividing the Nation into conflicting groups is not only bad patriotism -- it is bad economics as well. The American farmer should never forget that he can produce at a profit only if there are customers who can afford to pay prices that yield that profit. When farmers see our city workers make more money, they should rejoice because that means a greater demand for the products of their farms. Don't forget that 40 percent of the average city worker's budget is spent for food alone, and a large additional slice is spent for clothing made from farm products.

The other day I had occasion to glance at a chart tracking the movement of factory wages and the cash income of farmers over the past thirty years. I noticed that the two curves hugged one another very closely. They went up together in periods of boom and they went down together when times were hard. That chart is the best testimonial I have seen to the absolute solidarity of economic interest between the farmer and the city worker.

During the past 20 or 30 years farmers have organized to promote national policies necessary for a prosperous and sound agriculture. This, we will agree, is a healthy and proper development. But it seems to me that it would be self-defeating for our farmers to interpret farm policies and farm programs in a narrow and shortsighted fashion. To concentrate on the raising of farm prices without doing anything to raise the national income of the entire country is, in my opinion, a short-sighted policy which in the long run can never succeed. It is only through a high national income -- the income that goes to all of us -- that farmers can be sure of the purchasing power -- the demand -- which is necessary to sustain farm prices and farm income.

The Government has, to be sure, pledged itself to maintain a floor under many farm prices after the war. But how long could the Government maintain such a floor if industry in the cities collapsed and tens of millions of men were walking the streets in search of non-existent jobs? In the absence of postwar industrial prosperity, the farm price floor program would be doomed to repeating the inglorious failure of the Farm Board in 1931.

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We should also remember that the price floor guarantees on farm products, as written in the law, are expressed in parity terms — that is to say, in ratios of farm prices to industrial prices. If industrial prices and wages drop, parity prices drop with them. If industrial prices drop far enough, parity prices for farm crops could be so low as to break the farmer's back — even though they were at the 100 percent parity level.

The history of the past ten years, and particularly that of the last four years, bears out the folly of relying exclusively on price and parity objectives to secure farm prosperity. In August 1939 before the war broke out, the index of farm price parity stood only at 72 and farm income was quite depressed, notwithstanding all the Government programs directed to achieving price and income parity.

The explanation, it seems to me, is simple. As long as the national income as a whole was depressed, and as long as there were some ten odd millions of unemployed in the cities, there wasn't much money available to buy food or clothing made from farm products. And therefore all our efforts to increase farm prices were unavailing. The demand at the higher prices needed to give our farmers a proper income, just wasn't there.

On the other hand, once wartime demands restored prosperity in the cities, the parity ratio of all farm prices quickly rose and today stands at 14 percent above parity. It has been above parity now for nearly 2 1/2 years. No lesson could be clearer than this. Bustling prosperity in the cities has not only brought farm prices into balance, but has yielded farmers the highest prosperity in our history.

In my judgment it simply isn't possible to over-emphasize the community of interest of farmers, workers, and businessmen. Many of our farmers, however, are reluctant to accept it because they fail to understand the economic stresses and strains with which our industrial workers are faced.

Two generations ago most of our workers still had a father or a brother on the farm. High wages had drawn them to the city — often over the protest of their parents. When hard times came and factories closed they simply went home to the farm, and there found work to do, three square meals a day, and a sense of personal security and self-respect.

Today our industrial workers can't go back to the farm. In depression the farmer has a hard enough time of it on his own. He can't be expected to make a place for the unemployed. But the worker in the city, when he loses his job still has to meet the rent and find some means of paying his grocery and doctor bills. He must find some means of caring for his wife and children.

So it's not so hard to understand why the workers in the cities should demand and organize to get jobs and good wages and self-respect and security. Far from being frightened by the efforts of our city workers to find the economic answers to their own dilemma, our farmers should offer them their understanding and support. Wherever we live, wherever we work, we are the same people — we have the same ambitions, the same needs, the same hopes. What is good in ourselves can't be bad in the other fellow. And what is bad in the other fellow can't be good in ourselves.

lacking in many farm communities.



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What I am really saying is that our farmers, in their own interest as well as in the interest of all the rest of us, should take an active part in the development of over-all national policies looking toward the maintenance of a high national income and prosperity for the Nation as a whole. I have strong views myself on what sort of policy is called for.

I believe that depressions can and should be eliminated. I believe that through teamwork of industry, agriculture, labor, and Government, the national income can be held up after the war. With our ten million soldiers and sailors back on the job, I believe it can be increased even above present levels, with markets for everything we can produce and with jobs for all who seek them.

As I see it, the essential role of Government in this time is to underwrite the level of the national income and of business activity. It must therefore be prepared at all times — through public works, through adjustment of taxes and public expenditures, through stimulation of exports — to step in at the first sign of recession. And I believe that the more firmly Government is committed to such a policy, the more effective the machinery it sets up to make good on its commitment, the less Government will actually have to do. For I am convinced that once business men and farmers can invest and consumers can spend without fear of periodic waves of bankruptcy, foreclosure, and unemployment, they can and will provide a market for everything we are able to produce.

But this is not the occasion to develop these particular views. All I am trying to say is that farmers should take an active, vigorous interest in the development of such national policies. For without them our economy is doomed to continued turmoil and instability, without them all of us, farmers as well as city workers and business men, are doomed to a continuation of the ridiculous situation in which we have lived in the past — economic hardship and widespread unemployment in a land of unlimited resources and high productive capacity.

There is one other issue, closely affecting our farmers, which I would like to discuss briefly, namely the need for food exports to the liberated countries both during and immediately following the war. I can think of no more important weapon than food to speed the day of victory and to lay the basis for a sound and lasting peace. I am dismayed, literally dismayed, by some of the questions — thoughtless at best — about "why should we take any food out of mouths of our own children to feed starving Europe." Believe me that kind of talk can lose battles even if it doesn't lose us the war.

In producing munitions, we have not merely matched the enemy — we have swamped and overwhelmed him. This policy has not only brought us smashing victories — it has saved American soldiers' lives, no one can say how many. What is sound policy for planes and guns is sound policy for food as well.

But the real test will come when the fighting is ended. The children of Europe — and let's always remember that they are the Europeans of the future with whom our own children must live in peace or in war — will need food from us until their own continent is brought back into production. There will be those then who will say, "We have done enough. Let Europe fend for itself." I sincerely hope that this counsel will not prevail. I hope America will prove true to her generous traditions.

Having brought liberation through war, let us not refuse the helping hand that will lift Europe to her feet, when the guns have ceased firing. This is counsel not of the heart alone but also of the head. It makes moral sense. It makes political sense. And it makes economic sense as well.



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I do not want to give you the idea that I regard the maintenance of a high national income as the complete answer to the problems of the farmer. While these problems cannot be solved unless the national income is sustained, there will remain the concrete, specific problems which affect agriculture as such.

Perhaps you will agree with me that most of these specific problems hinge on removing or minimizing the terrific risks which affect agricultural production. I don't have to tell you people here in Des Moines that farming is one of the most hazardous of all our economic activities. Although the farmer works harder than most other people, his long hours are no guarantee of reward. Accidents of unfavorable weather, variations of rainfall, can destroy the results of the hardest work and the most careful planning. Moreover, while the farmer frequently suffers from bad weather, he can suffer as much from unusually good weather. Bad weather destroys his crops, but unusually good weather may destroy his income by creating such a glut as to force prices down below the cost of production.

Of course, we can't control the weather. But we can control the economic results of the weather. We can carry over surpluses to times of scarcity, thereby helping both the producer on the farm and the consumer in the city. This is the principle of the ever-normal granary, which was worked out on an experimental basis in the late thirties, and which, I believe, should be extended and improved after the war.

The principle is as old as the Bible. It is the story of Joseph with his seven fat years and seven lean years. It is a pity that we had to wait so long before putting this piece of Biblical wisdom into operation for the protection of our farmers, and indeed for the protection of all of us. I realize that here in Iowa farmers get good crops practically every year, but other parts of the country are not so fortunate. And you can't have prosperity in Iowa if there is depression in Florida or Texas or California.

The ever-normal granary was designed to remove some of the risks of farmers as a group. But it obviously does not remove the risks as they affect the individual farmer. When crops are destroyed by drought or storm, the individual farmer can get no protection from the ever-normal granary. Protection to the individual farmer can be secured only through the insurance principle.

I deeply believe in crop insurance, just as I believe in insurance for business and for labor and for all of us. There are few things that have contributed more to our economic well-being and to our peace of mind and to the strength of our entire social fabric, than the insurance principle. Congress, a year ago, refused an appropriation which called for the application of the insurance principle to agriculture. I sincerely hope that this action will be reversed. It seems to me that the farmer is entitled to be protected through insurance against the risk of weather destroying his income, at least to the same extent that the industrial worker is already protected against accidents which destroy his ability to work or against unemployment which cuts off his wages.

Another risk factor which I believe needs to be removed in the immediate post-war period is that resulting from the seasonal character of farm production and farm marketing. During periods when many crops are harvested and thrown on the market, prices are depressed and consumption is abnormally stimulated. During off-season months, on the other hand, prices are high, supplies are scarce, and consumption is abnormally contracted.

lacking in many farm communities.



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WIDE PAPER, 8 1/2 x 11

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Samuel I. Rosenbaum

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It is the old fable of the grasshopper and the ant. The ant is wise enough to realize that the abundance of food in the summer months should not be recklessly consumed, but should be stored away for the bleak winter months. Strange as it may seem, we as a Nation have tended through our marketing habits, to imitate the grasshopper instead of going to the ant for wisdom. Obviously, it is to the advantage both of the farm producer and the city consumer to regularize our marketing of farm products and our consumption of seasonal crops.

The basis for such a policy has already been developed in the price support and purchasing programs instituted by the Department of Agriculture. But these programs, I believe, should be extended after the war and should take as their objective steadier farm prices and more even consumption of all farm products the whole year around. There is no reason why, with the range of crop seasons we have in this country, with rapid development of modern methods of preserving and storing food, and with governmentally supported food marketing arrangements, seasonal fluctuations in farm prices could not be largely ironed out. The farmer could then have the benefit of stable prices, while the consumer would be assured of adequate supplies of all kinds of food the whole year around.

Let me develop for a moment what I have said about the preserving and storing of foods. During the war vast technological progress has been made which awaits only the release of materials and facilities to blossom into a great new industry. I believe we will see in the near future quick freezing and storage equipment in every community, available to every farmer. This equipment will go a long way toward preventing the heartbreaking gluts that every farmer knows. It will also bring to the consumer in all seasons of the year foods almost as fresh as the day they came from the field. And just consider the jobs that will be created in making the equipment, constructing the plants, and maintaining and operating them.

I may say in this connection that to the extent that we decrease seasonal price fluctuations I believe we shall remove a considerable source of friction between the farmer and the middleman. It is when prices fluctuate sharply that the farmer feels he is being taken advantage of by the middleman. Actually, it is not the middleman who personally takes advantage of him, but the anarchy of current marketing arrangements.

In addition to insuring against the risks and ironing out the price and supply fluctuations which affect all farmers, we must, after the war, pay special attention to the risks and handicaps which affect the small farmers. The neglect of the small farmers -- the sharecroppers, the tenant farmers, and the poorly equipped small owner farmers -- is a shocking commentary on our past history. It is shocking because we all know that the family farms are the backbone of our democracy, just as they are of any democracy.

Some thoughtless and cynical people used to say that there was no use fighting for the cause of the family farm -- that there is an inevitable trend towards concentration of farm ownership and mass farm production. We know today that this is not so. With the present production trends away from staple crops and towards flexible diversified farming, there are no real obstacles to the survival and the prosperity of family farms. On the contrary, the basic agricultural trends seem to be favorable to their prosperity.

But in order to flourish, the family farm must be given the help of synthetic public policies. Credit must be extended on terms adapted to farm needs. The family farm must have access to the latest scientific farm knowledge. It must have access to electric power, without which it is not possible to secure the advantages of modern technology. It must be given the protection of well planned marketing arrangements set up through farm group cooperation, assisted where necessary by the Government.



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General I. Roosevelt

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4. Mr. Glavin
5. Mr. Ladd
6. Mr. Nichols
7. Mr. Rosen
8. Mr. Tracy
9. Mr. Carson
10. Mr. Egan
11. Mr. Gurnea
12. Mr. Hendon
13. Mr. Pennington
14. Mr. Quinn
15. Mr. Nease
16. Miss Gandy

2041

One of the most encouraging trends of the past ten or fifteen years has been the growth of cooperatives and the work they have done for the farmer. Equally encouraging have been the loan and grant programs of the Farm Security Administration and the tenant purchase program of the Bankhead Act. Through these measures we have made a good start in fighting the problem of farm poverty. But we have a great distance to go. How far we have to go is indicated by the fact that even today — in full war prosperity — the lowest third of our farmers have to subsist on a pitifully small income. The gross annual income of this lowest third, including Government payments and the value of their home-used produce, still averages only \$600.00 a year per farm. Even in this era of wartime prosperity, that's all the money they have to pay their farming costs and to meet the living expenses of their families.

Obviously, farm families living on this scale provide a slim market for cars, building materials, refrigerators, vacuum cleaners, or furniture. If their income is raised, as it must be, the added purchasing power would provide more employment in our cities as well as more business for the country merchants. This increased income would eventually be returned to the farms in the form of a higher and more sustained demand for farm products.

The end of the war is going to present us with both a challenge and an opportunity to take a long stride in strengthening the position of family farming. The challenge will come from those of our veterans who will want to build for themselves on the land. The opportunity will be provided by the huge public holdings of land acquired in connection with army camps, proving grounds, and for other wartime uses. It would be the best kind of statesmanship to see to it that this public land did not go to large holders but instead was reserved for veterans and offered to them on generous terms. With the loans which the pending C. I. Bill would authorize the veterans could purchase farm machinery and equipment and get off to a good start.

You will have noted, I am sure, that most of the points which I have brought forward in my discussion here today are not essentially new. All the specific farm programs I have mentioned have either been tried or are in the process of being tried. I have simply asked that they be prosecuted with more vigor and more faith.

The one additional point that I have attempted to emphasize is the vital need of an aggressive program immediately after the armistice to raise and maintain the overall national income—the income that goes to all of us. Let me repeat that without that high level of national income, there can be no real solution to our farmers' problem.

It seems to me that this has been the one factor missing in our pre-war plans to create increased security and incomes for our farmers. The contrast between our pre-war and wartime experience has shown that. In peacetime, when we used the specific farm remedies that I have described without the general tonic of a high national income, we succeeded only in removing the acute distress that prevailed in 1932. We did not by any means restore American agriculture to vigorous health. In wartime, on the other hand, when the demands of our war economy forced us to put all our manpower to work and to produce a high national income, then and then only did we achieve a high level of farm prosperity.

In a word, the war has shown that our farmers need more than a mere opportunity to share equitably in the national income, however low that income may be. They need an opportunity to get their fair share of the high national income which we can so easily produce when we are all working. It is in the light of this lesson, I believe, that we must plan for post-war agriculture. We must revise our traditional farm slogans and objectives. We dare not go back to restricting farm production to match the restriction of industrial output. We must go forward to expanded production on farm and in factory alike. And above all we must remember that this job of creating a national prosperity belongs to all of us, and that no one group can hope to succeed without the others.



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From the Papers of
Samuel I. Rosenman

October 2, 1944

Personal and Confidential

The Honorable
Samuel Rosenthal
The White House
Washington, D. C.

Dear Sam:

I am enclosing the suggested material on full employment for the President's speech. Also, a copy of the farm program which I outlined in Les Moines last April, and a booklet which we have prepared in graphic form to show farmers the extent to which they have prospered during the war years.

The material on full production continues, it seems to me, a highly dramatic idea the guarantee of relatively full production and full employment after the war. Economically, there is no reason why this guarantee cannot be given, and politically it should carry a tremendous wallop to the 130,000,000 people here at home, plus our 11,000,000 servicemen who are thoroughly frightened and alarmed over the possibility of a post-war depression. It should also provide an answer to the claim that the Administration, in an economic sense, is defeatist.

Lewey has played around with the full production theme. But he has not dared to meet the issue head on by explaining how it can be accomplished, much less by guaranteeing the result. If the President moved ahead, as I have suggested, I have a feeling that he would establish such a strong position on the post-war economic front that Lewey from that point on would be certainly on the defensive as far as that all important issue is concerned.

I am sure that you can improve the wording of the attached statement. In it, however, I have tried to hammer out a little something for everybody. I have stated, for instance, that corporation taxes will be reduced and that every incensement will be held out for business men to risk their money. Actually, if this is not done, the Federal Government might well become too great.

It seems to me, Sam, that if the President is going to tackle this, it should be the sole subject for one of his speeches



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and not tacked onto anything else. It might become the subject of a single speech, tied to our old "Economic Bill of Rights." This material on investments, in other words, could be used to explain the method through which the promised outlined in the "Economic Bill of Rights" would be carried out.

It seems to me that such a speech would not only be highly productive for votes on election day, but that it would also put us in a strong position with Congress after election (provided, of course, that we win out). If the President has outlined such a proposal to the country before election, he can well say to Congress that it represents his charter from the people, and that Congress is duty bound to give him the legislation necessary to put it into effect.

I think the little farm booklet will interest you and it might also give the President a quick means of familiarizing himself with the wartime record of our farmers. The higher prices which farmers have received have not been reflected to the consumer in anything approaching a comparable degree, because such a high proportion of the increases have been absorbed at the wholesale and retail level.

Actually, the average of individual retail food prices is today lower than it was fifteen months ago. Anyone can prove this to his own satisfaction by getting out a chain store advertisement of May 1943 and comparing the prices with those advertised for the same items by the same chain store today. Several such comparative price advertisements have been run by chain store organizations throughout the country, and I believe they have been most effective in demonstrating to the public the extent to which the cost of living has been held.

My best regards.

Sincerely,

Chester Howles
Administrator

Enclosure



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PROPOSED SPEECH MATERIAL FOR THE
PRESIDENT'S SPEECH ON OCTOBER 5th

This country must determine right now that it will never again accept another economic depression. We must determine right now that we will never again tolerate poverty, malnutrition, inadequate health and the despair that comes from sustained unemployment.

During the war period we have freed all our national energies and resources to produce arms with which to defeat our enemies. The output of American farms and factories has amazed the civilized world. It has given us a rightful sense of pride in our ability to create, to build, to plan and to produce.

Today with very few exceptions, every American who is able to work can find a job and at good wages. Every farmer can find a market for his products at good prices. Every business man has an opportunity to sell his goods at a profit.

As we have produced during war time to defeat our enemies in the Pacific and in Europe, we must also produce when peace comes to eliminate poverty and insecurity in our own land. Our returning soldiers and sailors will rightly insist upon this. The workers in our factories will insist on it. Our farmers will insist on it. Our business men will insist on it. We as a vigorous civilized nation can accept no other alternative.

Many people in and out of public life have spoken about increased peacetime production and increased employment after the war. But mere talk is not enough. We must provide legislation which will definitely and finally remove the specter of sustained unemployment from this country - legislation which will establish a solid ground of security and hope.



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From the Papers of

Sumner I. Rosenbaum

under every man, woman and child in the country.

This legislation should specifically accept the fact that the major role in our economy must be played by competitive free enterprise. But it must also recognize the complexities of our modern industrial system, and the fact that these complexities call for solid planning and close cooperation between business, labor and farmers, all working closely with their government.

Investment is the life blood of our American economic system. When public and private investment falls below the danger point we suffer from a disease which might be called "economic anemia." Slowly at first and then at an increasing tempo, purchasing power dries up, factories begin to close, our workers are faced with unemployment and our farmers with falling prices.

In spite of its vital importance to the health of our economy, investment in the past has too often been carried out on a haphazard basis. To a large extent the health of our entire economy and the livelihood of every one of us has rested on the periodic whims of our investors - both public and private alike.

In certain years, when the economic climate seemed mild and reasonable, investors have rushed to the marketplaces to turn their funds into new products, machinery, and improvements. In other periods, our investors would sniff the economic air, find it momentarily uninviting and leave their money stagnant while factories folded and jobs diminished.

The first essential of our postwar full production economy must be in the careful coordination and programming of all our investments, both private and public, plus a guarantee backed by all the power and prestige



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of the Federal Government that the total amount spent in any given year will not be allowed to fall below the danger point.

In our free enterprise economy, the largest proportion of our total annual investment will always, of course, come from private funds. For this reason, the Federal Government must go to every reasonable limit to encourage business men to risk their capital in job-creating, profit-producing competitive investments.

I will strongly recommend to Congress the adoption of a tax program which will encourage the investment of private risk capital to the maximum possible extent. This program will call for the elimination, as rapidly as practical, of most of our wartime excise taxes. These taxes were designed to discourage public and private spending in a period of inflationary danger. When these dangers subside our tax program must be reversed. The several billion dollars now represented in these excise taxes should then be left in the pockets of the general public to add to the funds with which we will buy our postwar radios, washing machines, and new automobiles.

Our reconversion tax program should also include the elimination of excess profits taxes when the circumstances warrant it, and the lowering of corporation taxes to the greatest possible degree.

Through these steps we will encourage business men to risk their money in constructive enterprise with an opportunity for profit. We will help to maintain the necessary level of all investment. We will help to provide abundant jobs and lasting prosperity.



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The second major source of investment funds lies in our municipalities and state governments. Each year our cities, towns and states spend many billions of dollars in investments for the construction of schools, hospitals, roads, bridges, and other forms of job making construction work.

The third major source of investment funds is from the Federal Government itself. We are all familiar with the great public benefits of such undertakings as the Tennessee Valley Authority and the Shasta and Grand Coulee Dams. Recently I sent to Congress a recommendation for a project on the Missouri River and its tributaries which would harness its powers for the good of all the citizens of six important states.

In addition, Federal investment funds will always be needed to assist in slum clearance projects, for public buildings, and to raise our educational and health standards in some of the less fortunate sections of the country.

In the past years from all these sources of investment - private, municipal, state and Federal - have come contributions of varying sizes. The decisions on the size and timing of these investments in any given year has been left largely to chance and to individual convictions and needs of the moment. The wide fluctuations of our business cycle has been a direct and often devastating result.

If a Democratic Administration is elected in November, I shall propose to Congress that our total of all national investments be carefully planned, coordinated and maintained at the necessary high levels year in and year out. In this way alone can we fulfill the promise of a prosperous postwar America, with full production and full employment in our factories and on our farms.



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I will propose to Congress that a survey be made at six months intervals to determine the exact amount of job producing investment which has been planned by private individuals, private corporations, municipalities, States and Federal Agencies. With the encouragement of private risk capital and with the present backlog of State and municipal public works programs, it may well be that in most years the total of our national investments can be maintained at the necessary levels by the addition of only a moderate expenditure for Federal public works. In such years the national budget can not only be kept in balance but reduced.

However - and here is the basic essential of this full production job-producing program - under no circumstances must the total of all investment be allowed to sag below the danger point. Then for any reason such a sag occurs, the Federal Government must guarantee the difference - guarantee it beyond all question through productive investment in projects which will enrich us all as citizens - but which at the same time will not encroach on the fields normally assigned to private capital.

If this program is followed automatically and vigorously after the war, the drying up of the life blood of our investment total will be stopped before it becomes a menace to employment and prosperity. By controlling and maintaining the total of all our investment, by carefully checking each six months to know exactly where we stand, we can maintain jobs for everyone - good jobs and good wages - year in and year out. We can maintain full production and full employment.

Our business men will find in such a program the assurance of ready



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markets for their goods with a high level of purchasing power willing to absorb their products.

One of the cruelest risks to which business men have been subjected in the past will be eliminated. Every business man will know that his personal success in the future depends solely on his ability to turn out a good product at a good price. He will know that no longer can he be forced into bankruptcy by sudden business depressions which in the past have swept under the capable business man along with the ineffective. Under these circumstances he can proceed with confidence to risk his own money with an opportunity for substantial profit.

The farmer will find in this program a guarantee of sustained markets for his farm products at good prices. And as every farmer knows the only sure road to a permanently prosperous farm economy lies in the high national purchasing power that comes from good wages, full employment and profitable industries in our cities.

Our industrial workers will find in this economic program of plenty a guarantee of good jobs at good wages. No longer will the spectacle of unemployment haunt our Detroit, our Pittsburghs and our Clevelands.

If we maintain a high level of production, with good wages to our workers and good prices to our farmers, unemployment will take care of itself. As technological improvements are continually advanced we can see our working hours gradually reduced with more leisure for all of us to enjoy our families and friends and our hobbies.

To our returning soldiers and sailors this full production program gives a promise that the war has not been fought in vain. That a solid economic future lies ahead for every member of our armed forces and his family and for every other citizen as well.



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In brief, the kind of economic America which I visualize after the war will contain these two basic elements. First a minimum level of guaranteed security for all of us. Jobs for all who are able to work. Social security for our older people. Unemployment insurance for the relatively brief periods of transition between jobs.

This guaranteed minimum standard of security will provide adequate medical care, adequate nutritional care, adequate educational standards, for all of our citizens at all times under all conditions.

The second element in my vision of our future lies in an unlimited opportunity for each individual to rise freely above the minimum level of security to whatever heights his own ability and energy will take him. The freedom for each of our citizens to create, to build, and to enjoy - whether his major interest lies in farming, in working in the shop, in operating his own business, or in public life.

A guaranteed level of individual security plus unlimited opportunity for every citizen - economic, social and political. That is the goal that we must set our sights for. In our postwar America we can accept no alternative.

If the Democratic Party is returned to power on November 7th with a full vote of confidence from the people, I believe I can assure you that America has seen her last great depression.

Chester Bowles
October 2, 1944



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THE WHITE HOUSE
WASHINGTON

August 23, 1944

MEMORANDUM FOR

THE PRESIDENT

This is the proposed draft of a message on reconversion.

While there are no definite recommendations in Justice Byrnes memorandum of August seventeenth to you, I have based some of it upon his recommendations contained in his statement before the Congressional Committee on the George-Murray bill dated June 12, mimeographed copy of which is annexed to the file which you gave me. Of course, before it is sent it should be checked with several people.

John

S. I. R.

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THE WHITE HOUSE
WASHINGTON

August 23, 1944

MEMORANDUM FOR MR. BOETTIGER.

This is an original and one copy. I will be back in my office tonight at about 8:15 if you want me.

John

S. I. R.

I am also returning J. B.'s memo. Please give it to the President.



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THE WHITE HOUSE
WASHINGTON

August 24, 1944

Suggested amendments to the First
Draft of Message to the Congress
on Reconversion:

Page 1 - shorten and simplify.

See attachments.



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DRAFT

TO THE CONGRESS OF THE UNITED STATES:

It is impossible, of course, for anyone with knowledge of the facts to attempt to predict when the war in Europe will be over. I for one shall try to make no such prediction.

^{However,} ~~we~~ ^{we} all know ~~however~~ from newspaper reports that ~~our armed forces~~ together with our Allies ^{are} are closing in on Germany from at least three directions ^{and} and from the sky. The end is not yet immediately in sight; and we know that such blood ^{and treasure spent} will be spilled before Germany is occupied by the United Nations.

However, the goal is now so much closer than it was just a few months ago that it would be nothing less than foolhardy if we did not push ~~to~~ ^{and} to conclusion our plans to take ^{when the European War ends we must complete the plans} care of our domestic economy with ~~as~~ ^{the same kind of} much speed and pressure and determination as our armies ~~have shown~~ ^{are now showing} in their sweep through France. The time grows shorter and shorter and with each day ^{and more} the urgency of action becomes more acute.

^{already} Much has been done by the Executive departments.

[to meet the problems which will come with the day of victory.]

Executive Orders have been ^{They are, if necessary, limited in scope and effectiveness. There is now} signed and have been in operation for months. ~~But~~ ^{by the Congress} need for legislation, ^{for} and broad grant of powers for the solution of the difficult problems to be met.

^{becoming acute} Many bills have been pending for many months in both Houses of the Congress.

with the coming of victory.

The dedications in



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1037 It is not for me to attempt to recommend one over the other. What I do recommend, however -- ^{indeed} what I ~~do~~ urge -- is that there ^{has} be an end to argument ^{has there been} and ~~some immediate~~ ^{some} action -- now.

I do have one observation which I desire to make with respect to most of the ^{current} discussion ^{of the problem} and ~~legislation now under~~ ^{with respect to unemployment} consideration. It seems to me that ~~the~~ emphasis has been misplaced.

Most of it deals primarily with ~~unemployment~~ ^{unemployment} and

how to tide the workers over this dangerous period. I agree,

of course, that such legislation is essentially ^{nothing short of} in fact the ^{whole} ~~old~~ ^{compensation} system of unemployment ~~insurance~~ so far as the Federal

government is concerned, was initiated and carried through to its present ^{limits by} ~~limits~~ in this Administration. However, ^{in our post-war plans} ~~it does~~

seem to me that we ^{must} ~~should~~ place the emphasis affirmatively not

on unemployment, but on employment. The major task before us is ^{not} ~~is~~

[a determination of] how to take care of the unemployed; ^{there will be no unemployed} ~~but rather~~ it is how to see to it that ~~unemployment does not take place~~ ^{unemployment}. If

there is a will to do this, I am sure that it can be done.

~~I remember~~ ^{Remember that} back in the dark days when military defeats were the order of the day for the Allies, when I announced a goal of 50,000 airplanes per year, there was not only ^{definite} skepticism, ~~no~~ ^{plenty of} ~~to its possibility~~, but also derision about [the mere notion of] such ~~so-called~~ fantastic figures. That goal was reached by the

It is unfortunate that we have a system of post-war plans, which we can build on for post-war planning purposes.



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American people [^]and surpassed -- because the American people had the will and ^{the}determination to do it.

I have the same confidence that if the American ^{- business and labor and agriculture -} people ^{only} have the will and determination to do for peace what they have done for war, they can establish a level of national income in the same bold proportions -- a level which will assure full production and employment. ^{But} ~~I know that~~ it can be done if only we use the same ^{courage} ~~boldness~~ and vision as we did in our war program.

Everything that we do now should be based on the assumption that such an objective is not only possible, ^{that} ~~but~~ it will be attained. This calls, first, for legislation setting up ~~legislatively~~ an Office of War Mobilization and Reconversion to be headed by a ^{single Director} ~~man~~ with plenary powers to accomplish this goal. There should be under his control the functions of contract termination and settlement, ^{the} disposition of all surplus war property and the retraining and reemployment of veterans and workers. ^{Indeed} ~~There~~ should be included in his powers all that the Congress deems necessary to see that the job is done.

The primary ^{goal} ~~function~~ of his office should be to convert America from a war-time to a peace-time basis in such a way that every step ^{taken} ~~will~~ provide jobs. ^P For example, it seems to me that



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the government-owned plants and government-financed plants *and facilities*
 should be leased only to corporations or individuals who guarantee
~~herein~~ *herein* ~~to furnish in such plants or facilities a fixed number of jobs~~ *to furnish*
~~with the understanding that if such jobs are not furnished~~
 that the plants or facilities ~~be~~ *taken away and* leased to others who ~~can~~ *will* furnish
 them. In the same way, all surplus war property ~~should be~~ *and land*
 disposed of with the ~~primary~~ *chief objective* of furnishing employment,
 and should, therefore, be ~~disposed of~~ *sold or leased only* to those who can furnish
 employment, or, in the case of land, to those who can best obtain
 livelihoods ~~from~~ *on* the land.

It will become necessary after the war to meet the pent-
 up consumer demand of many years, and indeed to rebuild the
 plant of America for that purpose -- its industries, its rail-
~~roads,~~ *its agriculture,* its housing, its aviation, its hospitals -- all of its
 resources. The Congress should provide for the Office of War
 Mobilization and Reconversion all of the powers necessary to
 supervise the doing of this job with one primary object in view -
 to provide employment.

Of course,
 The provisions ~~of legislation~~ with respect to un-
 employment are ~~of course~~ essential and should be embodied in the
 same bill or in contemporaneous legislation, But it seems clear
 to me that these provisions for unemployment compensation should



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They should
 [be enacted] ^{be} not ~~be~~ the primary objective of the legislation, but
^{be included}
 only to make sure that, until full employment and production are
 reestablished, there will be no undue suffering and ~~no~~ no
 sharp curtailment of purchasing power which might send us into
 a tail-spin of depression. To avoid ~~a sharp curtailment of~~ ^{a drastic drop in}
 purchasing power, the amounts payable ~~in the form of~~ ^{as} unemployment
 compensation should be large enough and should extend over a
 sufficient period of time so that workers ^{will} ~~do not~~ ^{have to} stop buying the
^{necessities of life -}
 adequate food and clothing. ~~We know that if they do, we~~
^{but}
 are headed for trouble.

^{he} I do not propose to make recommendations with respect
 to details of this legislation. I do think, however, that certain
 principles should be borne in mind:

(1) While it is not necessary that everybody in
 the United States receive the same amount of payment, it is
 necessary that everybody receive enough to ^{permit them to buy the} ~~continue to live under~~
~~standards which permit them to continuously purchase necessary goods~~

^{and other reasons}
^{free}
 necessities for a substantial number of weeks of unemployment. In some of our
 states, because of low taxable values, the standards of un-
 employment compensation and the amounts payable are too low for
 this purpose. I believe that the Federal Government should pay
 some ^{in each state} ~~percentage~~ percentage in excess of ~~state~~ allowances so that



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certain minima and maxima will be guaranteed. ^{It} not necessarily the same in each state.] In that way the differences in ^{the} state policy will be recognized, ^{but} ~~except~~ that the Federal Government will pay for a certain ^{fixed} ~~state~~ percentage above ^{each} ~~the~~ state allowance, which in the opinion of Congress is necessary to maintain a fair amount of purchasing power. The State insurance systems ^{should} ~~could~~ continue to administer the system in each state, but the Federal Government should ~~be permitted to~~ fix certain standards so that its own contributions will be adequately safe-guarded. This involves a Federal-State relationship which I think is not only feasible, but very desirable in this field. ^{Consensus to} ~~that production was a~~ ^{national and state problem; as was consensus to peace.}

(2) Steps should be taken to increase coverage of Insert (a) employees. Although some of the States have reduced this number, I believe that legislation should be enacted which would include ^{of the class} every employee ^{now covered by the Act}, irrespective of the number of employees employed in the plant or ^{particular} ~~shop~~ ^{system} ~~involved~~. Insert (a) The present ~~act~~ ^{system} covers only those employers who employ 8 or more persons.

~~WAA~~

(3) The number of weeks of coverage should be made uniform throughout the nation with the Federal Government paying ^{for} ~~above~~ ^{above} ~~the~~ ^{as allowed in the respective States.} a portion of the extended period. ^{P.D.C.} ~~For~~ legislation should be enacted to include maritime workers, federal employees and other industrial workers not now covered.



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(5) ~~The~~ ^{the} maximum rate of compensation should not be less than \$25 per week and ^{the} so-called GI bill should be amended to raise the maximum rate ^{therein provided} for veterans from \$20 to \$25 per week.

(6) Provision should be made to pay the necessary cost of transporting war workers to their new work or their old homes. This is legitimately a cost of demobilization and reconversion.

I repeat, however, that the emphasis in all legislation and in all the activities of the Director of War Mobilization and Reconversion should be directed primarily at employment rather than unemployment needs. ^P Much of the groundwork has already been done, but it is now up to the Congress to provide a broad base of legislation under which the objective of full employment can be attained.

This will require bold and imaginative action on the part of the Administrator which can rest only on a sound basis of well-considered legislation. ^P ~~Let~~ I again urge on the Congress the necessity for speedy action along these lines.

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2nd DRAFT

TO THE CONGRESS OF THE UNITED STATES:

It is impossible for anyone with knowledge of the facts to attempt to predict ^{with certainty} when the war in Europe will be over. I, for one, shall try to make no such prediction. However, ~~from newspaper~~ reports we all know that, together with our Allies, we are closing in on Germany from at least three directions -- and from the sky. The end is not yet immediately in sight; and we know that much blood will be spilled and treasure spent before Germany is occupied by the United Nations as it finally will be.

Content of draft

However, the goal is now so much closer than it was just a few months ago, that it would be foolhardy if we did not now push to conclusion our plans to take care of the dislocations in our domestic economy which will come when the European war ends. The time grows shorter and shorter -- and with each day the urgency of action becomes more and more acute.

Handled by Mr. [unclear] [unclear]

Much of the ^{thinking has been done} planning and groundwork has already been laid by the Executive departments. Executive Orders have been in operation for months; but they are, of necessity, limited in scope and effectiveness. There is now need for comprehensive legislation by the Congress.

Speed is essential. Many bills have been pending for many months in both Houses of the Congress. The whole subject of



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taking care of veterans and of war workers as they return to peacetime life has been thoroughly debated. The time has definitely come for action.

It seems to me that in such of the current discussion of the problem, the emphasis has been misplaced. I know that the Congress will take it in good part if I emphasize that the major need is for employment rather than for compensation for unemployment. That is the crux of my thinking. The principal problem of demobilization is not how to take emergency care of the unemployed, but to see that there will be a minimum of unemployed *resulting from*
as full production as is possible

It goes without saying that unemployment compensation is very important. Recent Congresses have enacted and expanded a wide system of unemployment compensation with cooperation between the Federal Government and the several States. It is fortunate that we therefore have a system of peacetime social security on which we can build for post-war purposes.

But I hope that while improving and liberalizing the system of unemployment compensation for demobilization purposes we can lay the emphasis affirmatively on employment -- employment in private industry. Jobs must be there when people want to work. If there is the will to do this, I am sure that it can be done.

Back in the dark days when military defeats were the



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order of the day for the Allies, I remember that when I announced a goal of 50,000 airplanes per year, there was not only sincere skepticism, but also plenty of derision about such "fantastic" figures. That goal was reached by the American people -- and surpassed -- because the American people had the will and the determination to do it.

I have the same confidence that the American people -- business and labor and agriculture -- have the will and determination to do for peace what they have done for war; and that they can establish a level of national income which will assure full production and employment. It can be done, if only we use the will and same courage and vision as we did in our war program. *Our goal must be to produce as the U.S. during peace time at least*
Everything that we do now should be based on the assumption that such an objective is not only possible, but that it will be ^{150 billion} attained. This calls, first, for legislation setting up an ^{of dollars worth of goods} Office of War Mobilization and Reconversion to be headed by ^{insures} a ^{and then} single Director with plenary powers to accomplish this goal ^{each year} under such principles and policies as the Congress deems appropriate. He should have the advice and assistance of an ^{if we achieve} advisory ^{that goal which we must and will} Board made up of persons experienced in different fields of ^{than all} private enterprise -- labor, agriculture, management. There should *who are ready willing and able to work can get jobs.*



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be under the Director's control the functions of contract termination and settlement, the disposition of all surplus war property and the retraining and reemployment of veterans and workers. Indeed there should be included in his powers whatever the Congress thinks necessary to see that the job is done.

We must remember that the war is not yet won. ^{in Europe} We still have a very definite program of war production and war mobilization. For example, actual fighting experience within the past few months has taught us certain kinds of war materials, the production of which was actually cut six months or a year ago, have suddenly become of increased importance. Last year the best military opinion advised that our plants for the production of trucks and heavy gun ammunition could be curtailed. The past few months have changed the picture. The estimates have now been revised upward. ^{above} Above all, we must remember that there is still a bloody and difficult job to finish in the Pacific. We are still a long way from Tokyo and cannot let down for a moment until we occupy it. ^P That is why, as of today, I still include the words "War Mobilization" with that of "Reconversion". Every day every one of us should remind himself "The war is not won yet".

But even while the Director continues to mobilize and produce in some fields, he must demobilize and reconvert in others. When he reconverts, his primary goal should be to do it in such a way that every step taken will provide jobs.



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For example, it seems to me that the Congress should definitely insist that the government-owned and government-financed plants and facilities should be leased only to corporations or individuals who guarantee to use them for production and to furnish therein a definite number of jobs as a minimum. The emphasis must be on how much employment can be provided by private business using these plants with reasonable profit. If jobs are not furnished as promised, then the plants or facilities should be leased to others who will furnish them. In the same way, all surplus war property and land should be disposed of with the chief objective of furnishing employment, and should, therefore, be sold or leased primarily to those who can furnish employment, or, in the case of land, to those who will work the land and not to those who will speculate with it.

It will become necessary after the war to meet the pent-up consumer demand of many years, and indeed to rebuild the plant of America for that purpose -- its peacetime industries in automobiles, iceboxes, air-conditioning and hundreds of others, its railroads, its agriculture, its private housing, its commercial aviation, its hospitals -- all of its resources. New civilian uses will be found for aluminum, magnesium, nylon, and countless other products; energy will be provided for farms and irrigation;



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a whole new horizon has been opened in transportation by air.

These are only a few of the things which a post-war America faces with confidence. The Congress should provide for the Office of War Mobilization and Reconversion all of the powers necessary to ^{help and} supervise the doing of this job with one primary object in view -- to provide employment.

I am sure that the Congress has in mind other fundamental principles of industrial democracy which should be included in such legislation:

Monopolies and monopolistic practices should be discouraged.

and new business ventures
Small business must be encouraged and assisted.

The competitive system of free enterprise ^{and free market} must be preserved strengthened and expanded.

Family-type farming and farm ownership should continue to be the backbone of our agricultural system.

Returning veterans should be given assistance in ownership of homes, farms and small businesses.

Speculation and speculative profits in war surpluses should be outlawed.

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Of course, the provisions with respect to unemployment are essential and should be embodied in the same bill or in contemporaneous legislation. But it seems clear that these provisions for unemployment compensation should not be the primary objective of the legislation. They should be included only to make sure that, until full employment and production are reestablished, there will be no undue suffering and no sharp curtailment of purchasing power which might send us into a tailspin of depression. We want no return to the bread lines of the 1930's. To avoid a drastic drop in purchasing power, the amounts payable as unemployment compensation should be large enough and should extend over a sufficient period of time, so that workers will not have to stop buying the necessities of life -- adequate food and shelter and clothing. We know that if they do, we are headed for trouble.

I do not propose to make recommendations with respect to the details of this legislation. I do think, however, that certain principles should be borne in mind:

(1) While it is not necessary that everybody in the United States receive the same amount of payment, it is necessary that everybody without a job receive enough to permit him to buy



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necessities for a substantial number of weeks of unemployment. In some of our states, because of low taxable values and other reasons, the standards of unemployment compensation and the amounts payable are too low for this purpose. I believe that the Federal Government should pay some fixed percentage in excess of allowances in each state so that certain minima and maxima will be guaranteed. In that way the differences in the policy of each state will be recognized, but the Federal Government will pay for a certain fixed percentage above each state's allowance which in the opinion of Congress is necessary to maintain a fair amount of purchasing power. The State insurance systems should continue to administer the system in each state, but the Federal Government should fix certain standards so that its own contributions will be adequately safeguarded. This involves a Federal-State relationship which I think is not only feasible, but very desirable in this field. Conversion to war production was a national and state problem; so is conversion to peace.

(2) The existing federal statute covers plants or shops which employ eight persons or more. Some of the states have reduced this number. I think that compensation should be payable regardless of the number of employees in the plant or shop involved.

(3) The number of weeks of coverage should be made uniform



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throughout the nation, the Federal Government paying for a portion of the extended period above that allowed in the respective states.

(4) Legislation should be enacted to include maritime workers, federal employees and other industrial workers not now covered. (domestic servants? farm labor?)

(5) The maximum rate of compensation should not be less than \$25 per week and the so-called GI bill should be amended to raise the rate therein provided for veterans from \$20 to \$25 per week.

(6) Provision should be made for the Federal Government to pay the necessary cost of transporting war workers from their old jobs to their new work. This is legitimately a cost of ~~the war~~ demobilization and reconversion.

I repeat, however, that the emphasis in all legislation and in all the activities of the Director of War Mobilization and Reconversion should be directed primarily at employment -- rather than to unemployment needs.

Much of the groundwork has already been done, but it is now clearly the task of the Congress to provide a broad base of legislation under which the objective of full employment can be attained. This will require bold and imaginative action on the part of the Director and his advisory board which can rest only



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on a sound basis of well-considered legislation.

To convert America back to peace will be costly, very costly -- as it was costly to convert it originally to war. The price we shall have to pay is a part of the cost of the war; and, in the Nation's bookkeeping, it should be charged as a part of the cost of the war.

But no matter how many ^millions it may cost, it will still be cheap compared with the cost in reduced national income and in human suffering and misery, which would result if we were to allow our vast plants to remain idle and our tens of millions of war workers and service men to be demobilized into unemployment.

I again urge on the Congress the necessity for speedy action along these lines.

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TO THE CONGRESS OF THE UNITED STATES:

It is impossible for anyone with knowledge of the facts to attempt to predict when the war in Europe will be over. I, for one, shall try to make no such prediction. However, from newspaper reports we all know that, together with our Allies, we are closing in on Germany from at least three directions -- and from the sky. The end is not yet immediately in sight; and we know that much blood will be spilled and treasure spent before Germany is occupied by the United Nations as it finally will be.

However, the goal is now so much closer than it was just a few months ago, that it would be foolhardy if we did not now push to conclusion our plans to take care of the dislocations in our domestic economy which will come when the European war ends. The time grows shorter and shorter -- and with each day the urgency of action becomes more and more acute.

Much of the planning and groundwork has already been laid by the Executive departments. Executive Orders have been in operation for months; but they are, of necessity, limited in scope and effectiveness. There is now need for comprehensive legislation by the Congress.

Speed is essential. Many bills have been pending for many months in both Houses of the Congress. The whole subject of



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taking care of veterans and of war workers as they return to peacetime life has been thoroughly debated. The time has definitely come for action.

It seems to me that in much of the current discussion of the problem, the emphasis has been misplaced. I know that the Congress will take it in good part if I emphasize that the major need is for employment rather than for compensation for unemployment. That is the crux of my thinking. The principal problem of demobilization is not how to take emergency care of the unemployed, but to see that there will be a minimum of unemployed.

It goes without saying that unemployment compensation is very important. Recent Congresses have enacted and expanded a wide system of unemployment compensation with cooperation between the Federal Government and the several States. It is fortunate that we therefore have a system of peacetime social security on which we can build for post-war purposes.

But I hope that while improving and liberalizing the system of unemployment compensation for demobilization purposes we can lay the emphasis affirmatively on employment -- employment in private industry. Jobs must be there when people want to work. If there is the will to do this, I am sure that it can be done.

Back in the dark days when military defeats were the



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order of the day for the Allies, I remember that when I announced a goal of 50,000 airplanes per year, there was not only sincere skepticism, but also plenty of derision about such "fantastic" figures. That goal was reached by the American people -- and surpassed -- because the American people had the will and the determination to do it.

I have the same confidence that the American people -- business and labor and agriculture -- have the will and determination to do for peace what they have done for war; and that they can establish a level of national income which will assure full production and employment. It can be done, if only we use the same courage and vision as we did in our war program.

Everything that we do now should be based on the assumption that such an objective is not only possible, but that it will be attained. This calls, first, for legislation setting up an Office of War Mobilization and Reconversion to be headed by a single Director with plenary powers to accomplish this goal -- under such principles and policies as the Congress deems appropriate. He should have the advice and assistance of an Advisory Board made up of persons experienced in different fields of private enterprise -- labor, agriculture, management. There should



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We must remember that the war is not yet won. We still have a very definite program of war production and war mobilization. For example, actual fighting experience within the past few months has taught us certain kinds of war materials, the production of which was actually cut six months or a year ago, have suddenly become of increased importance. Last year the best military opinion advised that our plants for the production of trucks and heavy gun ammunition could be curtailed. The past few months have changed the picture. The estimates have now been revised upward. Above all, we must remember that there is still a bloody and difficult job to finish in the Pacific. We are still a long way from Tokyo and cannot let down for a moment until we occupy it. That is why, as of today, I still include the words "War Mobilization" with that of "Reconversion". Every day every one of us should remind himself "The war is not won yet".

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For example, it seems to me that the Congress should definitely insist that the government-owned and government-financed plants and facilities should be leased only to corporations or individuals who guarantee to use them for production and to furnish therein a definite number of jobs as a minimum. The emphasis must be on how much employment can be provided by private business using these plants with reasonable profit. If jobs are not furnished as promised, then the plants or facilities should be leased to others who will furnish them. In the same way, all surplus war property and land should be disposed of with the chief objective of furnishing employment, and should, therefore, be sold or leased primarily to those who can furnish employment, or, in the case of land, to those who will work the land and not to those who will speculate with it.

It will become necessary after the war to meet the pent-up consumer demand of many years, and indeed to rebuild the plants of America for that purpose -- its peacetime industries in automobiles, iceboxes, air-conditioning and hundreds of others, its railroads, its agriculture, its private housing, its commercial aviation, its hospitals -- all of its resources. New civilian uses will be found for aluminum, magnesium, nylon, and countless other products; energy will be provided for farms and irrigation;



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Of course, the provisions with respect to unemployment are essential and should be embodied in the same bill or in contemporaneous legislation. But it seems clear that these provisions for unemployment compensation should not be the primary objective of the legislation. They should be included only to make sure that, until full employment and production are reestablished, there will be no undue suffering and no sharp curtailment of purchasing power which might send us into a tailspin of depression. We want no return to the bread lines of the 1930's. To avoid a drastic drop in purchasing power, the amounts payable as unemployment compensation should be large enough and should extend over a sufficient period of time, so that workers will not have to stop buying the necessities of life -- adequate food and shelter and clothing. We know that if they do, we are headed for trouble.

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throughout the nation, the Federal Government paying for a portion of the extended period above that allowed in the respective states.

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I repeat, however, that the emphasis in all legislation and in all the activities of the Director of War Mobilization and Reconversion should be directed primarily at employment -- rather than to unemployment needs.

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But no matter how many billions it may cost, it will still be cheap compared with the cost in reduced national income and in human suffering and misery, which would result if we were to allow our vast plants to remain idle and our tens of millions of war workers and service men to be demobilized into unemployment.

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